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Effects of Direct Election in Rural Villages

91CM0539A Shanghai MINZHU YU FAZHI
[DEMOCRACY AND THE LEGAL SYSTEM]
in Chinese No 7, 12 Jul 91 pp 40-41

[Article by staff reporter Zhang Suofei (1728 2076 5481):
"Hope of Democratic Development in China's Rural
Areas—Comments About the 'Organic Law of Villager
Committees' by Persons Concerned at the Ministry of
Civil Affairs"]

[Text] China has a vast countryside and a rural population of 800 million. How the peasants fare has a bearing not only on the present but also on the future of China.

On the third anniversary of the implementation of the "Organic Law of Villager Committees of the People's Republic of China (for Trial Implementation)," this reporter paid a visit to the Department of Grassroots Political Power Construction of the Ministry of Civil Affairs to find out how the law has been implemented.

An Important Law Concerning the Interests of the Vast Majority of Peasants

According to a briefing by Comrade Li Xueju [2621 1331 5282], director of the Department of Grassroots Political Power Construction, the "Organic Law of Villager Committees" was implemented on a trial basis on 1 June 1988. The rural economic situation in China at that time showed the following: a total income of 1.105 trillion yuan; which included the income of rural enterprises, 423.120 billion yuan; collectives under unified management, 26.930 billion yuan; new economic associations, 27.230 billion yuan; and family-run business operations, 623.210 billion yuan, or 56.6 percent of the total income. In the course of the trial implementation, Beijing, Nei Mongol, Xinjiang, Hebei, Tianjin, and Xizang have enacted local regulations on villager committees.

The National People's Congress [NPC] and its standing committee carried out the legislative work for the organic law of villager committees in 1986 and 1987. When first submitted to the NPC Standing Committee for discussion, it was called the "regulations governing the organization of villager committees." After repeated discussions, particularly discussions at the Fifth Plenary Session of the Sixth NPC, it was finally named the "Organic Law of Villager Committees." People held very different views on this law at that time. The major questions: Are villagers ready for self-rule? Is self-rule suitable for villagers under China's conditions? Can the relationship between township and village be one of guidance? Debates on these questions have continued to this day. In view of the situation at that time and also for other reasons, the law adopted by the 23d session of the Sixth NPC Standing Committee on 24 November 1987 was formally named the "Organic Law of Villager Committees of the People's Republic of China (for Trial Implementation)." The law has produced good results in

the past three years, and there is also a growing consensus in people's thinking about it.

Article III of China's Constitution stipulates that villager committees are mass organizations of self-management at the grassroots level, and that the chairman, vice chairmen, and members of each villager committee are elected by the residents. This is the constitutional basis for the institution of the villager committees and the enactment of the organic law. China's fundamental law explicitly stipulates the name and nature of the village-level organization and the principle of direct democracy.

The "Organic Law of Villager Committees" is an important law concerning the interests of the vast majority of peasants. The peasant masses have greeted the law's implementation with unprecedented enthusiasm, but our theoretical and press circles have not paid enough attention to it.

The kernel of the law is the self-rule of villagers. The villagers are the principal players in their self-management. All matters involving the interests of all the residents of a village must be submitted by the villager committee to a villager meeting for discussion and decision. Thus the masses will gradually learn to handle their own affairs according to law and achieve the goal of self-management, self-education, and self-service. This is an important part of China's socialist democratic political construction.

The Process of the Law's Implementation Is a Process of Democratic Development at the Grassroots Level

Wang Zhenyao [3769 2182 5069], head of the rural section, gave an account of the actual implementation of the "Organic Law of Villager Committees."

There are now more than 880,000 villager committees in the whole country. Before the "Organic Law of Villager Committee" was officially put into trial implementation, work had already begun to publicize the law and conduct experiments at selected points. By the time around June 1988, experiments had already been conducted in 1,097 counties in 27 provinces and autonomous regions. In 1990, all villages in 11 provinces had held elections, and now the number has increased to 20 provinces and autonomous regions. There are now 26 villager self-management demonstration counties in the country, and 12 provincial People's Congresses' Standing Committees have drawn up detailed rules for the implementation of the law. The most important link in the full implementation of the law is the election of a new villager committee when the term of the old one expires. Whether such an election is held according to law has become an important mark of whether the "Organic Law of Villager Committees" is being followed. The process of implementing the law has become a process of democratic development at the grassroots level.

As the educational level of the people in general is still very low, is it possible to practice democracy and hold direct elections in the rural areas? Section Chief Wang

Zhenyao held that although democracy's relationship with educational levels is nothing absolute, it does have a close relationship with the peasants' vital interests. He recalled that when the party was in Yanan, because the overwhelming majority of the cadres were illiterate, democratic elections were carried out by casting beans. Now the peasants have a much higher educational level, generally can fill out their ballots without help, and no longer need to cast beans. Economically, because of the introduction of the system of contracted responsibilities with remuneration linked to output, the peasants have become much more conscious of their own vital interests and the need to take part in management. When casting their votes, the peasants are most concerned about whether the candidates can lead them out of poverty and to prosperity, what solid work they can do, whether they are honest and upright, and whether they are fair in handling things.

The peasants take the elections seriously, which is beyond the imagination of urban residents sitting in offices. In the latter half of 1988, of more than 1,000 villages in Tieling Prefecture, Liaoning Province, 814 had introduced competitive mechanisms and held election campaigns. Self-nominated candidates mounted the stage to make speeches on their plans to manage the village and answer villagers' questions before the public. An unprecedented democratic atmosphere was created, and the impact was extremely profound. The events are still fresh in the villagers' memories. Similar competitive election mechanisms have also been adopted in the following places: Qinggang County, Heilongjiang Province; Nanping City, Fujian Province; Taihe County, Anhui Province; some places in Hunan and Zhejiang Provinces; villages in Zhumadian Prefecture, Henan Province; and villages in Shandong Province. Elections, in which the number of candidates is larger than or equal to the number to be elected, have been held in other places.

The elections, especially those with self-nominated candidates, have greatly inspired the villagers' enthusiasm to discuss and participate in government and political affairs. At the same time, they have also promoted honesty among cadres in performing their official duties. Comrade Wang Zhenyao said that in places where competitive election mechanisms have been introduced, generally 80 percent of the village cadres are able to win reelections. In Tieling City, more than 70 percent of the secretaries of village party branches have also been elected chairmen of villager committees. The village cadres' mental attitude has changed greatly, from the past "I am assigned to this job" to the present "I want to serve," and they have become stronger. Facts have proven that direct election is conducive not only to the stabilization of the cadre ranks, but also to strengthening the party's leadership.

When holding elections of villager committees and villagers' representative meetings according to the organic law, some villages in Zhaoyuan County, Shandong,

recorded the events on videotapes. They say they want to show posterity the democratization process in the rural areas.

Increasingly Obvious Results of Villagers' Self-Rule

Peng Zhen, Wan Li, Song Ping, and other party and state leaders have spoken highly of the work on villagers' self-rule.

During his visit to China's rural areas, Mr. He-jie-sen [phonetic], of the Ford Foundation in the United States, was amazed by the democratic progress in the countryside. After seeing how villagers' self-rule works in Shandong and Hebei, Mr. Sa-te-la-mu [phonetic], political secretary at the India Ministry of Agriculture, was deeply moved: Isn't this human rights in China?

Director Li told this reporter: Villagers' self-rule is beginning to show results in places where the "Organic Law of Villager Committees" has been followed conscientiously, even for only a few short years. There are five outstanding results: First, the grassroots cadres have freed their minds of misgivings and gained experience in leading and organizing villagers' self-rule. When Yangcheng Township, in Wuzhi County, Henan Province, was selected as an experimental area in 1989, the rural cadres were generally worried that democratic elections might disrupt the ranks of village cadres, that some village cadres would probably lose because they had offended the people in the past for doing family planning and other work, and that rural work would become very difficult in the future. Democratic elections were held, and the rural cadres were deeply moved. Song Tusheng [1345 0960 3932], secretary of the township party committee, said: "Implementation of the 'Organic Law of Villager Committees' has not disrupted the ranks of village cadres. Instead, it has made the village cadres stronger and more united, improved coordination of work in various fields, and brought greater harmony between cadres and the masses. Only 17.5 percent of all the village cadres in the township failed to get elected. Therefore, the early worries were unfounded." Second, the villagers now have a stronger sense of participation. They display an unprecedented interest in politics, recognizing that allowing them to choose their own cadres is an important policy to "return power to the people." Third, the quality of village cadres has been improved. Fourth, rules are being established for the management of village affairs; many undesirable phenomena are being rectified; and social order has taken an obvious turn for the better. Fifth, state-assigned tasks have been fulfilled smoothly. For example, Qinggang County in Heilongjiang Province had suffered continuing natural disasters between 1987 and 1989. It was necessary to send in the public security police, and it would take them more than 20 days to collect the grain ordered by the state. After the implementation of the "Organic Law of Villager Committees" in 1989, all the township governments had to do was to give an order, and the peasants fulfilled all the procurement tasks within three days.

In the implementation of the "Organic Law of Villager Committees," there are also some inadequacies and problems. For example, during elections, some cadres did not understand the law and resented it; in some places, elections were held perfunctorily; and some people solicited votes by improper means. Besides, as stipulated by the organic law, to be elected, members of villager committees must win one-half the votes. What would happen if no one wins one-half the votes, and no chairman of a villager committee could be elected? All this will have to be solved and improved in practice.

The "Organic Law of Villager Committees" has been implemented on a trial basis for three years. In this early period, the emphasis in various place has been placed on publicity and experiment, and in concrete work the attention has been focused on the direct election by villagers of cadres for the villager committees. What should be done next? Director Li Xueju felt that efforts should be made to achieve villagers' self-rule and solve the key problems to self-rule, namely, democratic decision-making and democratic management.

Director Li had just completed a survey of Zhangqiu and Zhaoyuan counties in Shandong. In view of the two counties' experiences, his overall idea for villagers' self-rule is: to establish a system and rules according to law to realize democratic decision-making and management—that is, to establish a system of villagers' representative meetings in each village to solve the question of democratic decision-making, and to formulate regulations governing villagers' self-rule to solve the problem of democratic management. The organic combination and effective implementation of democratic decision-making and democratic management will basically guarantee villagers' self-rule.

Judging from an overall and long-term viewpoint, the "Organic Law of Villager Committees" is a good law, conducive to the rural areas' stability and democratization process. The stability of the rural areas and increased sense of democracy and law among the 800 million peasants are of extremely profound significance and influence to China's development and progress. A single spark is bound to start a prairie fire.

Ideological Trend of Neoconservatism Viewed

91CM0531A Hong Kong CHING PAO [THE MIRROR] in Chinese No 7, 10 Jul 91 pp 49-51

[Article by Ho Lan (5440 5695) and Ku Hsin (7357 2500): "From Neo-Authoritarianism to Neoconservatism; an Ideological Undercurrent Among Intellectuals in Mainland China"]

[Text] An Ideological Undercurrent Beginning To Stir

Recently, the Chinese intellectual community has again been showing signs of activity. One development which has particularly attracted scrutiny is the appearance of so called "neoconservatism." In early February 1990

during an academic conference (Chinese traditional cultural and socialist modernization) hosted by the theory department of ZHONGGUO QINGNIAN BAO and assistant professor Xiao Gongqin [5618 0501 4440], of the history department of Shanghai Normal University, spoke out in favor of neoconservatism.

This was an unusual conference. It was supported by the Chinese Communist ideology and propaganda departments. Important Chinese Communist officials such as Yuan Mu [5913 2606] and Xu Weicheng [1776 1919 6134] attended the conference, and most of the invitees were middle-aged and young theoretical researchers (they have been called "the new elite") who enjoy the official good graces of the Chinese Communists. These new elites are somewhat different from the "old line Marxist-Leninists" who received their training in the 1950's. The new elites have picked up some new knowledge from Western social sciences and can express their own concepts from a new prospective, using new language. Thus, the new generation of intellectuals (especially university students) finds it easier to acknowledge (but not necessarily accept) these people. The earlier group, on the other hand, knows only how to recite a few quotations from Marx and Lenin, while they reject or find it difficult to understand the new knowledge of Western social sciences. They are accustomed to using Cultural Revolution-style class analysis as the basis for their criticism. Without a doubt, any vigorous criticism mounted by these old line Marxist-Leninists will not be well received, and even Chinese Communist ideology departments understand this fact, so they place great hope in the new elite.

Although neoconservatism has only just appeared and is far from being a dominant force, it is nevertheless stirring up an undercurrent among Chinese intellectuals. The reason for this undercurrent is linked inseparably to the intellectual background of recent years. As everyone knows, the theoretical topic of the relationship between tradition and modernization was put forward during the "cultural fever" which began in 1986, and most Chinese intellectuals were involved in the lively discussions which ensued. The new authoritarianism which arose in late 1988, however, was a shock wave which formed on the basis of Western modernization theory. It caused a great stir among a numerically small but highly influential group of intellectuals, and it showed hints of some sort of official tone. It is reasonable to say that neoconservatism is a continuation of these two trends. It is worth noting that Xu Gongqin was an active participant in the culture fever, and he was one of the trailblazers of new authoritarianism.

The Basic Orientation of Neoconservatism

A relatively systematic exposition of neoconservatism has yet to appear. What we have is a few statements and a sprinkling of short articles in a variety of newspapers.

Generally speaking, neoconservatism is composed of a series of suggestions for the proper strategy for modernizing China. The basic content of these ideas includes: 1) a controlled importation of Western systems and culture; 2) a view of traditional values (as well as the current order) as the lever and the medium by which to achieve modernization; and 3) reliance upon a new style authority which now exists or may arise within the current order in order to carry out modernization. Xu Gongqing sums up the position of neoconservatism as follows: "Using a transitional form of authority which is oriented toward modernization, using traditional values as the medium of transition, guiding internal change within society, using successive internal change to gradually import Western democratic systems, thereby enabling Chinese society to continually make progress in the effort toward modernization."

Opposed to neoconservatism is what they refer to as "radicalism" or "political romanticism," the main characteristics of which are: 1) advocacy of rapid, large scale, and comprehensive importation of Western systems and culture; and 2) a view of Chinese traditional culture and values as obstacles to Chinese modernization, and the opinion that sweeping the obstacles away is the basis for modernization. You could say that from the neoconservatism prospective, radicalism contain at least the ideas of "wholesale westernization" and "wholesale anti-traditionalism." As for the question of whether radicalism represents elitism or populism they have had made no clear statement. We could say that the difference between the radicalism and neoconservatism lies in the fact that neoconservatism primarily stresses the promotion of the modernization of elite groups by cultivating and reworking the current order, whereas radicalism looks upon elites outside the system or upon the general populace as the impetus for modernization. It would not be going too far to say that neoconservatives have a totally negative attitude toward radicalism.

Neoconservatism and China's Modernization

It is worth noting that many of the intellectuals who advocate neoconservatism find evidence to buttress their arguments in the history of China's modernization. As they see it, "since the beginning of the 20th century, and especially since the 4 May Movement, the tendency toward radical modernization has always occupied the main stream among intellectuals," and the repeated failure of modernization efforts in China is due to this radicalism.

Such a vague historical viewpoint is bound to raise doubts. If radicalism has always occupied the main stream among intellectuals in modern Chinese history, then what stream was occupied by the constitutional movement of the late Qing dynasty, the movement in early Republican history to restore the monarchy, the Cultural Conservative movement which followed the 4 May Movement, the ten-year national reconstruction of the Kuomintang, and the Neo-Confucian Movement after 1949? Anyone with a cursory knowledge of modern

Chinese history knows that there have always been three mainstreams among Chinese intellectuals: radicalism, liberalism, and conservatism. Furthermore, the objective of every conservative movement with the exception of populism has been to modernize China; thus they have all been examples of (in the words of the specialists) modernist conservatism, i.e.—neoconservatism. In reality, radicalism and conservatism have both been quite strong throughout modern Chinese intellectual history, while liberalism has been relatively weak. Just as Mr. Yin Haiguang [3009 3189 0342] stated, liberalism in China has always been subject to attacks from both the left and right of the ideological spectrum.

It is undeniable that the negative effects of radicalism throughout the history of China's modernization have been great, and they deserve our scrutiny, but turning to neoconservatism for answers is not a convincing option either.

In reality, proponents of neoconservatism also feel that neoconservatism in modern and contemporary China has not been successful. An important reason for this, to paraphrase the American scholar Mr. Lin Yusheng [2651 3022 3932], is that neoconservatives have not made any great contribution toward the creative reworking of traditional values. However, neoconservatives have not stated clearly what is meant by the phrase "making a contribution to the creative reworking of traditional values." Are the erudite annotations on traditional Chinese culture which have been made by many contemporary Confucians a part of this contribution?

To be sure, it is undeniable that radical modernization movements throughout modern and contemporary Chinese history have met with one failure after another, but neither have neoconservative modernization efforts put China on the road to modernization. All Chinese intellectuals, and especially neoconservatives, should think hard about the difficulties encountered in these movements.

Neoconservatism and Chinese Communist Ideology

Various signs indicate that although neoconservatism has not been accepted by the Chinese Communists, they at least allow the expression of this ideology. This fact is especially prominent given the stifling intellectual atmosphere of today. Chen Haosu [7315 8504 5685] is the only Chinese Communist official who has openly declared his support for neoconservatism. In the conference mentioned above, he stated that neoconservatism should have become the mainstream after 1949 and that it was a great error that this did not come about. This was a very interesting statement. It showed that much of the content of neoconservatism is compatible with the official Chinese Communist ideology and that the new generation of Chinese Communist leaders is at least paying close attention to neoconservatism.

First, neoconservatism has gained official support for its negation of radicalism. In reality, it is stated in the minutes from that conference that neoconservatism, as

an academic ideology, requires further study, while opposition to radicalism is the most urgent task on the ideological battlefield. There is a complex political background behind "opposition to radicalism."

For one thing, after the 4 June Incident, many intellectuals did a lot of hard thinking and began to do a rational critique of the radical tendencies within the 1989 democracy movement. After reading the classic works of liberalism, many intellectuals gradually became aware that liberalism advocates gradualism. A minority of intellectuals began to think critically about the radicalism inherent in the ideological liberation movement that has been afoot since 1979, especially the radical view of such basic concepts as freedom and democracy. To a certain extent, neoconservatism demonstrates one aspect of this reexamination.

In the second place, Chinese Communist officials regard as radical anyone who raises demands for democracy and freedom, and these officials charge such people with responsibility for the "rioting" of 1989. Chinese Communist official propaganda organs have trumpeted such slogans as "stability" and "order," branding intellectuals who supported the students' demands for democracy as one form of radical or another and ignoring the fact that many intellectuals (including many who are now in exile or in prison) are also in favor of stability and order. Under these circumstances, Chinese Communist ideology departments are desperate for ideological weapons which they can turn to their own use; neoconservatism suits their purpose.

The neoconservatism of Xiao Gongqin is highly supportive of the current order, and he especially emphasizes that the current order can and should be the lever and medium by which to achieve modernization. In 1990 he contributed an article to BEIJING CHINGNIAN BAO entitled "Reform and Opening Up and the 'Four Cardinal Principles'—Ideology and Social Stability in an Era of Socialist Change." In this article he stated that ideology has been oriented toward modernization since the Third Plenary Session of the 11th CPC Central Committee and that there are new values inherent in the four cardinal principles. In his opinion, the many social disturbances which have occurred in China in recent years have originated in a "mistaken understanding" of the four cardinal principles on the part of intellectuals and young students. "They have failed to understand the new content in these principles."

Second, with the great emphasis placed upon ideological and politic work today, the Chinese Communists are keenly aware that old sermons, with their heavily Maoist overtones, will not meet the needs of today, and that there is an urgent need to find a new ideology that will bind society together. Thus, traditional Chinese culture is in great favor with them. The Chinese Communists are, on the one hand, carrying out all-out attack upon "ethnic nihilism," as evidenced by their criticism of "River Elegy." On the other hand, they are using various

media to propagandize various ideologies which have a number of moralistic and idealistic overtones, an example being the "spirit of giving something to society." Recently, a soap opera called "Desire," which has gained extremely high praise from Chinese Communist officials, has demonstrated precisely this point. It is beyond doubt that the attitude of neoconservatism toward traditional Chinese culture is one which the Chinese Communists are happy to see.

Of course, the nature of neoconservatism in this respect is somewhat complex. On the one hand, it sings the praise of traditional Chinese values, while on the other hand it acknowledges that China's traditional values include many conservative things which have indeed impeded the acceptance of modernization. The cure prescribed is "a creative reworking of traditional values." However, neoconservatives have not told us which aspects of traditional Chinese values have impeded China's modernization, nor which aspects are to be "creatively reworked" and what manner in order to serve as the levers and media of China's modernization.

Third, after 10 years of reform, the authority of the Chinese Communist Central Committee have been greatly reduced, and the localization of authority has become a reality, so calls for a reconcentration of authority at the center are growing stronger. The neo-authoritarian content of neoconservatism just happens to provide a theoretical basis for such a reconcentration. In reality, neoconservatives do not do a concrete analysis of the mechanisms and possible consequences of decentralization but only rely upon a few so-called "modernization theories" to provide abstract theoretical support for their advocacy of centralized authority. It all sounds quite reasonable. The BEIJING CHINGNIAN BAO, a bastion of neoconservatism, has published a large volume of deceptive articles by "the new elite" on the subjects of centralization and authority.

For this reason, we can make the following prediction: neoconservatism will never become the official ideology of the Chinese Communists, but important elements of it could be incorporated into the Chinese Communist ideology. Chinese Communist ideology will in the future exhibit traits of "Confucian-style Leninism." In other words, on the one hand it will strengthen unified leadership of the party while, on the other hand, use moral strictures to seek social stability, harmony, and order.

Western Challenges to Communist Ideology Discussed

91CM0538A Beijing WENYI LILUN YU PIPING
[THEORY AND CRITICISM OF LITERATURE AND ARTS] in Chinese No 4, 24 Jul 91 pp 4-17]

[Article by Tian Li (3944 0500): "Li Zhun (2621 0402), Xu Feiguang (1776 7236 0342), Zheng Bonong (6774 0130 6593), Ma Weian (7456 3956 1344) and Ding Zhenhai (0002 2182 3189) Discuss Challenges to Marxism in the Ideological Field"]

[Text]

I

Moderator: *Toward the end of 1990, the Fifth Plenary Session of the 13th Party Central Committee proposed formulation of both the 10-Year plan for national economic and social development, and the Eighth Five-Year Plan. The recently adjourned Fourth Session of the Seventh NPC [National People's Congress] considered and ratified the "10-Year Plan for National Economic and Social Development" and the Eighth Five-Year Plan Program, as well as Premier Li Peng's report on "The Program." These were magnificent blueprints and action programs whereby people of all nationalities in China can realize the second strategic objective in socialist modernization. In his report, Premier Li Peng summarized past experiences and lessons, putting forward a basic plan for guiding future work as follows: Need for unswervingly taking the path of building a distinctively Chinese brand of socialism; unswervingly moving ahead with reform and opening to the outside world; unswervingly carrying out plans for sustained, steady, and coordinated development of the national economy; unswervingly carrying out plans for building the nation through independence and keeping the initiative in our own hands, through self reliance, through arduous struggle, and through hard work and thrift; and unswervingly carrying out a policy that gives simultaneous attention to the building of material civilization and the building of spiritual civilization. This magnificent blueprint includes a total conception for work on all fronts. It is a complete strategy. You five comrades have been asked to come here today for the specific purpose of discussing the problem of how units concerned with ideology can make a positive contribution to the attainment of this magnificent objective.*

Xu Feiguang: To get started, both the Seventh Plenary Session, and the Fourth Session of the Seventh NPC drew up an overall development strategy for the country for the next 10 years, firstly for the next five years. This was a major event in the political life of China. All fronts should use this overall strategy as a guide for drawing up corresponding long-range plans. The ideological front can likewise be no exception because it is concerned with the issue of building spiritual civilization. In his report, Premier Li Peng reiterated that "the building of a socialist spiritual civilization is an important goal in the building of a distinctively Chinese brand of socialism, and it is also an important assurance for advancement of the building of material civilization." "During the next 10 years, there will be sudden changes in the international situation; foreign enemy forces will not abandon their plots for the peaceful evolution of China; and domestic tasks in construction and reform will be extremely daunting and complex. Thus, we must unflinchingly devote attention to the simultaneous building of both civilizations, earnestly doing more for the building of socialist spiritual civilization." Therefore, in formulating this long-range plan on the ideological front, we must build on the foundation of a correct understanding and mastery of the complex domestic environment that we face. And what is the complex domestic environment

that we face just now? I believe, to capsulize it in a single phrase, it is—facing challenges!

Moderator: *Talking about facing challenges is not something new by any means. For the past several years, many people have talked about challenges, and this includes certain "elite" personages. But everyone has his own understanding. As Marxists, just how should this challenge be correctly understood? We believe that this is the problem that must first be clarified.*

Li Zhun: Right. We must first have a Marxist perception of the challenges that we face.

I believe that the challenges that we face are manifested in two main regards as follows: One is that new problems have appeared and new contradictions have been encountered in socialist China's advance. Second is the peaceful evolution and the ideological and cultural infiltration that Western capitalist powers are carrying out toward China. Actually, it is not socialist China alone that is facing challenges; socialist countries throughout the world are facing challenges. The depth of these challenges and the changes in the situation that they have aroused may be said, in a certain sense, to be unprecedented.

Since the Third Plenary Session of the 11th Party Central Committee, China has scored enormous achievements in economic construction. All socialist endeavors have entered a new period of vigorous development. Everyone of us has personally experienced this. But the road of advance has not been a smooth one by any means, particularly the occurrence in 1989 of such large political disturbances. This was closely followed by the dramatic upheaval that occurred in the political situation in Eastern Europe, which was like an avalanche in its suddenness. These phenomena seem superficially to have taken place very suddenly, when actually there were profound international and domestic reasons for them. If socialist countries are unable to understand clearly this grim interwoven domestic and foreign situation, and are unable to come up with effective countermeasures, future prospects for development of the socialist cause are worrisome.

Moderator: *This issue merits deep discussion.*

Li Zhun: Looked at in terms of world historical development, socialist countries have been facing challenges since the day of their founding. Some review might be in order. The first country in which the proletariat acceded to national power for the establishment of socialism as the basic system was very industrially backward Russia. In accordance with the new world order, Lenin developed Marxist theory on the necessity for the socialist revolution to be realized simultaneously in the most industrially developed capitalist countries to lead the Russian industrial and peasant masses in the first victory of a socialist revolution in the world. Following World

War II, China, Eastern European, and some other countries also founded socialist regimes on a not very industrially developed, or even a rather undeveloped foundation. As a result of the destruction of the unitary capitalist domination of the whole world, the newborn socialist nations very quickly became objects for military encirclement and attack from capitalist and imperialist countries. Thus, the serious problem that the socialist countries faced was not simply a backward industrial production, but an even greater threat from foreign military forces. The single most important tasks for socialist countries to survive under these conditions was resistance to external enemies. As an accompaniment, state power had to become highly centralized organizationally, and priority had to be given to heavy industry economically in order to assure the needs of improved national defense. At the same time, faced with a poor economic foundation and technological conditions, and under economic blockade from the imperialists, socialist countries had to depend largely on the masses sense of being masters in their own house, and their bounteous revolutionary zeal to carry out production and construction. But for this, the newborn socialist countries would not have been able to survive and develop.

After entering the period of peaceful construction, numerous socialist countries continued to face problems stemming from backward productivity. The new problems that socialist nations faced during the period of peaceful construction were of various kinds. First of all, for example, the industrial structure and the economic system that gave priority to heavy industry, light industry, and agriculture, in that order, to assure national defense needs gradually proved unable to meet the needs of new situations. Second, after entering the period of peaceful construction, when class struggle ceased to be the main domestic contradiction, the political system that placed substantial emphasis on the centralization of authority also gradually began to exhibit shortcomings not in keeping with the needs of the new circumstances. Third, Lenin had said that Communism would ultimately triumph over capitalism because the labor productivity rate that it is able to create would be greater than of capitalism. Although the overall speed of economic growth of both China and other socialist countries is higher than that of capitalist countries, because it started from a poor foundation, a fairly long historical process will be required for socialist countries to create a productivity rate that is higher than that of capitalist nations. In addition, socialist countries made mistakes in the course of their own development; consequently, to date, the overall level of development of productivity in socialist countries remains markedly lower than that of capitalist countries. Following World War II, in particular, the economy of Western countries developed fairly steadily. During the period following the 1960's, in especially, the take-off in science and technology enabled a startling new development of productivity in Western capitalist countries; their economies exhibited a certain "boom." This relatively steady economic development of Western capitalist powers

brought about a certain "contrast" effect in comparison with the continued fairly low development of productivity in socialist countries, particularly with the reverses that occurred in socialist countries. In the face of these "contrasts," some people were confused by temporary false appearances, and were prone to lose confidence in socialism.

At the same time, socialist practical activities per se also encountered new problems in the course of moving ahead. After entering into the period of peaceful construction, the development of productivity became the central task. Although the shift in work emphasis and movement ahead with modernization not only required attendant changes in the country's political system and economic system, changing everything was not consistent with the ways of doing things and the ideological forms that the new task required. In the process of these changes, practice again posed numerous sharp difficulties for us. For example, at that time, we wanted to develop productivity as rapidly as possible to found a new economic and political system consistent with modernization. This required an arousal and stimulation, to the maximum extent possible, of the zeal and initiative of every worker in the implementation of various forms of responsibility systems, including contract systems that closely linked individual labor expended to the individual's economic benefits. However, making the most of people's zeal had to be predicated on protection of individual interests while also maintaining the socialist system of ownership and maintaining the socialist orientation of reform. How could this balance be worked out? In other words, what needed to be done to smash the "large common pot" and the egalitarian way of thinking to stimulate individual zeal to the full, while simultaneously reinforcing and developing socialist collectivism and the spirit of rendering contributions to enhance socialist cohesiveness? It must be said that in actual work, we have yet to shape a body of methods that is extraordinarily effective in doing this. This is a profound challenge that practice poses for us. In addition, in order to modernize and make attendant system and conceptual changes, we had to institute a policy of opening to the outside world, which required not only learning advanced foreign science and technology as well as managerial experience, but also required a vigorous improvement in cultural exchanges between China and foreign countries. Thus, in carrying out the opening to the outside world, we also had to face serious challenges from Western capitalist countries in the ideological realm.

Moderator: *In a nutshell, what you are saying is that some of the challenges that socialist countries are now confronting come from outside the country, and some come from within.*

Li Zhun: Yes. Challenges from both stare us in the face. But they differ in nature. Later on I hope to talk some more about the challenges from the ideology of Western capitalist countries.

It should be realized that after several hundred years of development, not only do Western capitalist countries have a whole body of methods and experiences for political rule and social management, but they have also begun to establish systems theories in all fields of ideology that are in keeping with the needs of the capitalist system. They have accumulated a whole body of experiences and methods for thought domination and for controlling all ideological sectors. By comparison, socialist countries have been in being for only a short period of time. They still have relatively little experience in managing society, and in controlling ideology. Their methods remain incomplete. In numerous aspects of ideology, they have to yet to begin to establish systems theory that is consistent with the needs of socialist practice. One might say that for some time to come, not only will capitalist countries be stronger than socialist countries economically, materially, and militarily, but they will also be stronger than we in certain ways ideologically and culturally. Thus, the ideological challenge that comes from Western capitalist countries is both serious and long-term.

Moderator: *This has to do with the problem of Western capitalist countries' cultural infiltration and ideological penetration of socialist countries.*

Li Zhun: Yes. The Western ideological infiltration of socialist countries shows up mostly in the spread of the decadent bourgeois world view, outlook on life, value concepts, and cultural concepts. In a certain sense, these challenges are more profound than military threats and armed aggression. I would like to quote some materials to demonstrate the offensive posture that some Western capitalist powers adopt toward socialist countries. For example, they say that "if we teach young people in the USSR to sing our songs and dance to them, sooner or later we will be able to teach them to use the methods we want in thinking about problems." "The use of nationalist and humanist pressure to corrode communist ideological fondness for warfare will be a gradual evolutionary process." "The United States should devise means for establishing broad contacts with young intellectuals, and ultimately with middle and upper level statesmen in the communist bloc with the hope of gradually being able to influence their support for ideology." "Some economic concessions can be used in exchange for making ideological progress," "relying on the corrosive effects of time and pressures for change within communist countries." In the United States, some people even term Hollywood films "ambassadors in a can." They say gleefully: "These round cans contain reel after reel of very tightly wound films on which are imprinted American movie film maker's ideas, imagination, and creative talent that goes all over the world. ... American movies are the most effective destructive force against communism." All this shows how much serious attention the rulers of Western capitalist countries pay to cultural infiltration, and how they use every trick in the book to carry out the peaceful evolution of socialist countries.

The interweaving of the Western capitalist ideological challenges, backed by powerful economic strength, technology and military threats, with the challenges that the new problems and new contradictions in the development of socialism per se pose for us make for a complex situation in the challenges that we face. We must have a clear understanding on this point. For example, as was said earlier, in order to develop productivity rapidly and move ahead with modernization, the dynamic role of individual workers must be stimulated in every possible way, including the use of material benefits to arouse individual zeal. However, many contemporary Western theories, as well as the world view, the outlook on life, and the value system of Western capitalism emphasize individual benefits and individual awareness. There is a fundamental difference in the substance of the two, but there are also certain similarities in form. If a sufficiently clear understanding of these complex circumstances is lacking, and if a sufficiently strong correct public opinion orientation and real measures are lacking while opening to the outside world, bourgeois self-centered individualism, and ultra-egoism may seize the opportunity to enter in the name of false "reform and opening to the outside world," thereby causing the weak-willed and young people, who lack experience, to become mired in confusion. The growth of self-centered individualism, and the spread of bourgeois ideology is bound to make some people lose confidence in socialism and arouse doubts and vacillation about the Party leadership, thereby providing the ideological soil for bourgeois liberalization and the destruction of socialist economic and political stability. It must be said that the increasing unchecked spread of bourgeois liberalism during the past several years, particularly the political disturbances that occurred in the late spring and early summer of 1989, provide lessons in this regard that are extremely profound.

To summarize the lessons of experience, we believe that there are two points that must be clarified in terms of ideological understanding in the face of the real challenges. The first is to make clear that the building of spiritual civilization is not only for the purpose of satisfying peoples ordinary needs in spiritual and cultural life, but also to assure the steady development of the nation as a whole and to increase productivity. Resisting the peaceful evolution and cultural infiltration of Western bourgeois countries when the emphasis is on building the economy and opening to the outside world requires harder work on the ideological and cultural fronts for greater building of socialist spiritual civilization. There positively can be no doubt and vacillation about the guiding thought of emphasis on the building of the economy. At the same time, we must also clearly understand that moving the economy forward does not mean by any means that all problems will be naturally solved. The political disturbances of 1989 provided food for deep thought. The level of economic development of some countries in Eastern Europe is higher than ours; nevertheless, such intense upheavals have occurred within a very short period of time. Does this not explain

the problem very well? More work on the ideological and cultural fronts for greater building of socialist spiritual civilization is also one of the conditions needed for our rapid development of productivity. Man is the most dynamic element in productivity. Large scale improvement of productivity and socialist modernization require more than advanced production equipment and science and technology. It also requires a complete rise in the ideological and moral level, and in the educational and mental quality of workers. Therefore, not only should one not artificially juxtapose the building of the economy against the building of spiritual civilization, but a wise course should be as follows: The more the need to maintain the core of economic construction, and the more it is necessary to move the economy ahead, the more must be done to enhance the building of spiritual civilization and vigorously develop socialist cultural endeavors.

Second, in the building of spiritual civilization itself, it is necessary to give ideological work a more prominent position. The building of spiritual civilization contains two ingredients, the first of which is the building of cultural knowledge, and the second of which is the building of ideology and morality. The first is a requirement and a foundation; it is substantive knowledge. The second is the soul and the essence. It means not only the orientation of economic construction, but it also sets the orientation for the building of spiritual civilization per se. If one were to say that during the several years preceding the political disturbances of 1989 problems existed in the form of blowing hot and cold on the building of the two civilizations, then one prominent problem in the building of spiritual civilization itself was much emphasis on cultural knowledge to a substantial degree, but not enough emphasis on the building of ideology and morality. Furthermore, within the ideology and morality category, the "convergence theory," tune was very much on the rise. This diluted the fundamental ideological distinction between socialism and capitalism. The stand in favor of socialist ideology was not all that clear-cut, with the result that some people's ideology was disarmed, and they relaxed their vigilance against Western bourgeois cultural infiltration and peaceful evolution. Following the Fourth Session of the Fifth Plenary Session of the 13th Party Central Committee, the situation took a fundamental change for the better. Nevertheless, problems in this regard still require further solution. For example, some literary and cultural publications still go on for page after page about things such as the abstract "depth of human nature," "humanism," and "life awareness." They still regard the words of Jean Paul Sartre, Friedrich Nietzsche, Abraham Maslow, and Sigmund Freud as infallible law. Just where and how many articles pose problems and analyze literary and artistic events in terms of socialist ideology? Very few? This is bound to make people ponder deeply. In discussing human social development, many articles on literature and art theory still fail to give full attention to

class analysis methods and historical materialist differentiation methods. They continue to use so-called "traditional," "contemporary," "agricultural society," "industrial society," and "post-industrial society" as the sole point of view and criterion for differentiating the character and stage of social development. Quite a few newly published works, including works on realistic themes, still spare no effort to dilute the contemporary socialist background. They remove the socialist ideals and morality that really exists within the masses, pointing only to food and sex, and so-called "primitive depth of human nature" as goals to be pursued. All of this is a cause for worry and requires the adoption of effective measures for guidance and solution.

Moderator: *This has had a bearing on the issue of building literature and art theory. The kinds of challenges that we also face in this regard deserve further exploration and study.*

Zheng Bonong: This issue truly merits diligent study and handling. I believe that as far as the building of literature and art theory is concerned, we are currently also facing two challenges: One is the challenge of new circumstances and new problems; the other is the challenge of the bourgeois liberalization trend of thought, and the peaceful evolution strategy.

What is meant by the new circumstances and new problems? In recent years, some people have understood these problems very narrowly, supposing them to mean new information regarding literature and art, particularly new information about Western literature and art. For example, some people created new systems of literature and art theory; new concepts of literature and art theory appeared in some places; new forms of art appeared; and "new perspectives" appeared in novel portrayals, etc. Admittedly, the foregoing aspects were part of the new circumstances, but the new circumstances were not limited to the foregoing. Our focus should be placed mostly on understanding the new circumstances and new problems in terms of the relationship between new literature and art and the times, and between new literature and art and the people. Before the 1950's, in his "Transformation of Our Study," Comrade Mao Zedong spoke about how to study new circumstances and new problems in theoretical work. The basic principle that he elucidated still applies to the study of literature and art theory today. For example, whenever some major change occurs in social life, what new tasks and new problems for literature and art do the social changes pose, and what are the masses new requirements for literature. In addition, what new developments are there in literature and art practice, where its victories and defeats, gains and losses are, and what are its lessons of experience are all matters that we must study diligently. Literature and art theory has to reply to the new problems that practice raises. Theory combined with practice, i.e., application of the basic standpoint, points of view, and methods of Marxism to study history and to study present events, distilling from them things in the nature of laws that can be used to

guide practice, and to test in practice the theories thus capsulized are basic ways of developing Marxist literature and art theory.

We must strictly avoid the use of a pragmatic and opportunistic attitude in the study of new circumstances and new problems. Looked at superficially, certain "new trends" in theory that have appeared during the past several years place great emphasis on new circumstances and new problems. However, they frequently employ a pragmatic and opportunistic attitude in looking at new circumstances and new problems, or they may even term partial changes in history as eternal laws of history, mistaking superficialities for the essence of problems. Such examples are too numerous to mention individually. For example, the development of a socialist commodity economy is bound to give rise to changes in people's ethical concepts, but these changes must also not exceed the bounds of socialist ideology. In recent years, however, some people have supposed that with the development of a commodity economy, all interpersonal relationships should be commercialized. They should all be stamped with the seal of commodity exchange. They have even suggested the introduction of commodity exchange relationships into political life within the Party. Since interpersonal relations are a commodity exchange relationship, all people should take the individual as the standard; and collectives should thus be overthrown. Is it not so that quite a few works contain such a portrayal, and that it is praised as showing a "new concept?" Some people also term the "competition mentality" as a new concept, extolling all competition indiscriminately. Actually, according to Darwin's theory, not only the ancestors of mankind, but all living things are permeated with natural competition. Even before the birth of mankind, competition existed everywhere. So how can anyone say that competition is an outgrowth and a mark of modern civilization? Competition continues to exist in the socialist era, so we must properly employ the lever of competition to advance social progress. However, we cannot mindlessly extol all competition. The law of the jungle, and striving for fame, profit, and power by fair means or foul, we resolutely oppose. The bourgeois liberalization trend of thought is primarily a problem of standpoint, and naturally those who hold it have special methods of looking at problems. Pragmatism and opportunism, seizing on appearances, and unbounded exaggeration are their very pronounced trademarks. Seeing the temporary stability of capitalism, they assert categorically that capitalism is everlasting. Seeing that socialism is lagging for a time, they state categorically that socialism is nearing its end. When we study new circumstances and new problems, we must grasp the essence from both surface appearances and inner workings. Exaggerating superficial appearances will never yield a correct conclusion.

Following the smashing of the "gang of four," we began to criticize the "leftist" trend of thought in purging the pernicious influence of the "Cultural Revolution." It must be acknowledged that "leftist" influence existed for

a long time, and we must still watch out for disturbances stemming from "leftism." However, overcoming the influence of the bourgeois liberalization trend of thought is even more formidable than overcoming the "leftist" trend of thought. The first reason for this is that the liberalization trend of thought is linked to the mistakes we make in our work; it is linked to the low state of the Communist movement, thus causing considerable puzzlement. Although the liberalization trend of thought has really seized upon various mistakes made in our past work, basically speaking, this trend of thought criticizes Marxism and socialism as fallacious. The second reason is that the social foundation for the liberalization trend of thought has an international link; it has a background that is much broader than "leftism." Now that the economic foundation for feudalism has been annihilated, feudalist things have lost the economic environment on which they depend for existence. In the case of the bourgeois liberalization trend of thought, a powerful capitalist system abroad lends support. Every minute of every hour, Western reactionary forces are working on peaceful evolution and ideological infiltration. In domestic economic life as well, certain capitalist elements exist that echo back and forth domestically and abroad. Therefore, people find it very difficult at the present time to recognize fully the harmfulness of liberalization. Possibly one might say that people still lack the same severe sense of pain about bourgeois liberalization that they have about the "Cultural Revolution."

Bourgeois liberalization is a political concept that negates the leadership of the Party, negates socialism, and advocates taking the capitalist road. Does bourgeois liberalization exist in the world of literature and art? Some people who acknowledge as much with their mouths do not acknowledge it in fact; and some people who acknowledge as much in fact do not acknowledge it with their mouths. However, whether they acknowledge it or not, the facts are extremely clear. In the building of socialism, including the economic, political, and cultural aspects of socialism, if the party's leadership in the ideological and the cultural fields is repudiated, the guidance of Marxism in literature and art work is repudiated, and the socialist character of art and literature is opposed while advocating capitalist ideology, this is advocacy of the capitalist road. Those who hanker after capitalism inevitably advocate the development of capitalist culture, and they want to use it as a guide in breaking the existing ideological system to change people's value concepts. Peaceful evolution begins with ideology, later on completely changing to become a political system and an economic system. One question merits attention here, namely the political deviation of bourgeois liberalization and the relationship to its theoretical foundation. Bourgeois liberalization means using the world view, the historical view, the value concepts, and literature and art concepts of the bourgeoisie as a theoretical foundation, using the "fascination" of its "unique" theory to blur people's vision and confuse people's thinking. It must be recognized that liberalization arguments can confuse. When we criticize the

bourgeois liberalization trend of thought, we must criticize its theoretical basis, and we must criticize the bourgeois world view, historical view, value concepts, and literature and art concepts. At the same time, we should also distinguish between political behavior and academic behavior. Political standpoints and worldview, historical concepts, value concepts, and literature and art concepts, although separate, are also linked. They cannot be completely equated with each other, nor can they be completely separated from each other. Emphasizing the socialist character of ideology requires not only paying attention to the inclination of political standpoint, but also requires close attention to the role of world view, historical view, value concepts, and literature and art concepts that influence political stand. In recent years, the various "new concepts" of the Western bourgeoisie, and their idealistic and solipsistic world view, view of history, value concepts, and literature and art concepts have surged into China in large amounts. Their expounders and living practitioners are as numerous as the hairs on an ox. Therefore, we must pay close attention to the task of taking stock in this regard. Given today's circumstances, the task of taking stock in this regard has just begun, or one might even say that even a beginning cannot be said to have been made in some ways. Clearly a lot of work remains to be done in this regard, and we must do it.

II.

Moderator: *Several of you have just analyzed the situation we are facing. It has been very inspiring. So, what kind of actions should be taken in the face of this situation? The Seventh Plenary Session of the 13th Party Central Committee once again reiterated the need to persevere in the policy of building both material civilization and spiritual civilization, unflinchingly opposing bourgeois liberalization. Comrade Li Zhu has already spoken about the need to overcome the situation of "blowing alternately hot and cold." This is an important matter requiring special discussion. What do you feel can be done to assure that we will blow only hot? How can we unify the broad masses in literary and art circles to oppose bourgeois liberalization education and to carry out the struggle in a pervasive and sustained way?*

Xu Feiguang: From the sharp and complex struggles of recent years, especially from the political disturbances of 1989, we have learned a basic lesson, and that was that the biggest mistake in 10 years was in education as Comrade Deng Xiaoping said. This was a serious matter that cannot be overlooked.

In facing such a grim situation, as the ruling Chinese Communist Party we must intensify education in ideals, ideological and moral education, education in revolutionary traditions, and education in patriotism and collectivism, as well as education in outlook on life, education about the condition of the country, and education about the situation in international struggle for all party members and all Chinese, particularly the broad masses of young people. We must use Marxism to arm their

minds and stimulate their enthusiasm for socialist modernization, all work thereby being placed under guidance of Marxism. In this regard, departments concerned with ideology and with literature and art must play their proper roles. Events during the past several years demonstrate this to be an extraordinarily weak link in our work. Because of the serious mistakes made in the work of the past two party general secretaries [i.e., Hu Yaobang and Zhao Ziyang], at certain times, in certain places, and in certain sectors, the Marxist banner was no longer held high, communist ideals were not mentioned to the point where even what socialism is was regarded as ambiguous. It was regarded as having the "name capital or the name society" [1198 6327 1198 4357] without the need for further distinction, etc. Thus, how could the orientation for building material civilization be assured? Further, could the bourgeois liberalization trend of thought do anything but gradually run rampant and reach the stage of malignancy?

Ding Zhenhai: This was exactly the situation. In 1979, Comrade Deng Xiaoping raised the need to adhere to the four basic principles. He explicitly pointed out that "We must import the advanced technology and other things of benefit to us from capitalist countries in a planned, selective way, but we positively will not study and import the capitalist system, and we positively will not study and import all sorts of ugly and decadent things." "We must introduce to the people, particularly to youth, things from capitalist countries that are progressive and beneficial, and criticize the things from capitalist countries that are reactionary and degenerate." However, in recent years Comrade Xiaoping's instruction has never been fully implemented. On the contrary, it has encountered considerable interference and obstruction. In actual work, attention to the building of material civilization has been fairly considerable while attention to the building of spiritual civilization has been fairly slight. Its importance is not sufficiently understood. In the ideological field and in the cultural field, a tendency exists to "water down" ideology. This cannot but arouse apprehensions.

Ma Weian: About work in the ideological field, Comrade Xiaoping has given many important pointers, and Comrade Jiang Zemin as well as other leading CPC Committee comrades have also expressed many important views. We must carry them out diligently, devoting serious attention from the strategic heights to work on ideological matters. Literature and art is the superstructure; it is in the field of ideology. Naturally, there are different views about the ideological bias of literature and art, some of which are academic issues that can be discussed. However, advocacy of a theory for the "watering down" of the ideological bias of literature and art is, to put it bluntly, to oppose the ideological and political tendentiousness of literature and art, to oppose the class tendentiousness of literature and art, and ultimately to oppose our use of socialist ideology in occupying the cultural front. Comrade Li Zhu has just said that Western bourgeois powers never "watered down" their

ideology or the tendentiousness of their cultural work, but rather have used every trick in the book and every avenue and method to propagate their world view, their outlook on life, their value concepts, and their views on literature and art. They have carried out ideological infiltration through every available crack to achieve their strategic goal of peaceful evolution. Where is there any "watering down" in this? Clearly it is "thickening" and "strengthening." Some people advocate "watering down," and this "watering down" happens to make Western bourgeois powers joyous.

Xu Feiguang: In this regard, some of the mottoes that we applied in the past to certain people needed to be re-analyzed and reconsidered. For example, mottoes on the issue of "opposition to modern superstition" is one such.

For some time now, foreign enemy forces and people inside China bent on bourgeois liberalization have noisily agitated in the ideological field under the "fashionable" banner of so-called "opposition to modern superstition." This has created serious tumult and given rise to vicious consequences. It has occasioned extremely serious damage on a world scale particularly to practice in the international communist movement.

As science, Marxism has always opposed all superstitions. Marxism and the proletarian revolution per se are outgrowths of the eradication of superstition, and they are effective weapons and great practice for the eradication of all superstition. The Yanan rectification campaign of 1942 was, in a certain sense, a movement for the eradication of superstition. After the Third Plenum of the Third Plenary Session of the 11th Party Central Committee, the CPC made "eradication of superstition and emancipation of thinking" an important ingredient of the party's ideological line in the new period. In recent years, however, a reaction has taken place against this correct and positive proposition of "eradicating superstition and emancipating thinking." So-called "opposition to modern superstition" is directed specifically against the Marxist ideological system, the socialist system, communist ideology, and the leaders of the proletarian revolution. In other words, so-called "opposition to modern superstition" has actually become a synonym for the eradication of Marxism, the socialist system, and the important historical role of the leaders of the proletarian revolution. It puts into the category of "modern superstition" without exception a belief in Marxist science, socialist practice and achievements, and the respect and love that the masses feel for the leaders of the revolution, regarding all as objects to be opposed and eradicated.

Moderator: *This is the slogan that the elite that creates turmoil most consistently employs.*

Xu Feiguang: The elite that adheres to the bourgeois liberalization standpoint masquerades, without exception, as "heroes" that "oppose modern superstition." They have dwelled on this theme ad infinitum. Do they

not openly say that all history from the new democracy revolution to the socialist revolution and construction is a "trek in a Utopian wilderness?" Do they not say that the revolutionary road that we have taken is like "demons walking in circles and running into a wall?" Do they not declare the "Mao Zedong age" to be a "barbaric age" when "feudalism was pushed to an extreme?" All this has been carried out in the name of the so-called "opposition to modern superstition." Actually they are "encircling and suppressing" the worthy theories and culture of Marxism, Mao Zedong Thought, and socialism. Their scale and their impetus is unprecedented in China's modern revolutionary history.

It is true that during Comrade Mao Zedong's declining years, blind worship of the individual did exist. The socialist cause and the normal political life that he gave us brought negative influences in its wake, but our party itself adopted the right methods, summarized the lessons of experience of this stage in history for the conscious elimination of this mindless state of affairs and negative phenomena. However, those who adhere to the bourgeois liberalization standpoint elevate these events to the status of "modern superstition"; they use the opportunity that our correction and overcoming of the individual case of blind worship of the individual during Comrade Mao Zedong's declining years provides in a vain effort at fundamental negation of the important position and role of Comrade Mao Zedong in the history of the Chinese revolution. They lump together as blind worship of the individual, particularly as "modern superstition," all the tremendous contributions to China and to the world of the proletarian revolutionary cause, the lofty position and the enormous influence gained, and the masses' feelings of reverence, trust, and love for him. This is not only a repudiation of Mao Zedong himself, but also a refutation of the entire history of the Chinese revolution. At the same time, it also profanes the feelings of the Chinese people. The openly reactionary article titled "On the Mao Zedong Phenomenon" that appeared in 1989 termed Mao Zedong a "schizophrenic," did it not? As for the Chinese revolution, it became a piece of "black humor" in which this "schizophrenic" led 1 billion sufferers from "mass dementia" or "idiocy" in pushing China into a "feudalistic abyss." Facts prove that the "elite" that espoused bourgeois liberalization in China did not help our party overcome the mistakes that Mao Zedong made in his declining years, but rather wanted to topple and replace the Chinese revolution, start all over again, change the regime, and take the capitalist road once again.

Ding Zhenhai: That's true. Our party opposed the practice of individual superstition all along, but it was unable to spread this concept everywhere. Today, some people oppose "superstition" as a pretext, when actually they oppose revolutionary ideals. As soon as the term ideals is mentioned, they say that this is "superstition," and "Utopian." In terming themselves "realistic," they actually have an ulterior motive. Naturally, no ideal or faith can be completely realized in reality; it is bound to have

a certain fanciful component. Nevertheless, scientific beliefs and fantasies are scientific revelations of the objective laws and the inevitable trend of historical development, thus, they are not superstition. Possibly science and superstition are reversed for some people. When ideals are mentioned, those who want to fight for ideals are called people who stubbornly adhere to outworn rules and ideas. Those who are cynical and indulge in pleasure are termed "scientific materialists." This is vulgar materialism. Those who are dialectical materialists must stress ideals.

Moderator: *This is another issue that is international in character. In recent years, practice in the international Communist movement during recent years demonstrates that it is those socialist countries that most fully accept the "opposition to modern superstition" contention are the ones that are in greatest turmoil, and that fall the fastest and the most completely.*

Xu Feiguang: A serious problem is that when faced with the powerful offensive of domestic and foreign capitalist forces aggressive "opposition to modern superstition," certain Communist Party members are not all that clear-headed. Sometimes, they even unconsciously and without careful consideration also begin to use this concept and formulation, or they lack boldness and assurance, sinking into a passive and vulnerable position not daring to expose them and counterattack. This creates an abnormal situation in which Communist Party members who once deemed criticism of the old world and reform of the old world to be their mission, not only retreat to a defensive position in the aggressive face of hostile public opinion, but some of them, enticed in the name of so-called "reflection," take the initiative in criticizing the new society, criticizing the new system, and criticizing Marxism. In order to attain "emancipation of thinking" and a reputation for "new ideas" for fear that they might be stigmatized for being "rigid," still other Communist Party members become even more enmeshed in a "competition" to repudiate Marxism. They strive to be out in front, fearing to lag behind, and they do not want to be left out, thereby creating an extremely bad affect and serious consequences. In this sense, to say that the proposition of "opposition to modern superstition" is a theoretical "trap" that domestic and foreign capitalist forces have carefully set up and lure us into is not far off the mark. Thus, I believe, that smashing the "opposition to modern superstition" ideological offensive, launching a vigorous counterattack against this offensive is an important step today for Marxist forces to change from being passive to active.

Actually, if one says there is really any "modern superstition," the problem that exists today is not "superstition" about Marxism and "superstition" about socialism. The real "modern superstition" in the world today happens to be superstition about the capitalist ideological system and the capitalist system. This is the only out-and-out "modern superstition." It is the most reactionary and most harmful social trend of thought on

a world scale in the 20th century. Smashing this "modern superstition" and criticizing this reactionary trend of thought is a most urgent task on the ideological front today.

Moderator: *You put this problem very sharply. You hit the nail right on the head. This is a serious test that we are now facing. Lacking a clear understanding and a lacking feasible measures for solving this problem makes overcoming the "blowing alternately hot and cold" matter insurmountable in a fundamental way. In addition to this problem, what other ones must be give attention?*

Ding Zhenhai: There is also the problem of the correlation between stability and development. We must fully realize that stability is the main concern of the whole party and the whole country. We must resolutely safeguard stability, and we must consolidate and develop a political situation of stability and unity. If we do not, socialist modernization cannot move ahead smoothly. If there is an uproar all year long, all month long, and all day long, the country bogged in instability, the second strategic step of socialist modernization will be impossible to realize. However, that two different views of stability and views of development exist today cannot be denied. Are we to proceed from the desire for unity, using criticism and self-criticism to solve contradictions among the people in order to attain unity and stability, or are we to make no distinction between right and wrong, not be concerned with principles, make no distinction between good and bad or the beautiful and the ugly, be endlessly "permissive," and gloss things over to avoid trouble in a quest for unity, stability, and development? A large body of historical facts show that the latter course in seeking unity, stability, and development can only be a fruitless approach. This is because in real life numerous elements for instability exist, some of them out in the open and some of them latent, but the most important element for instability is the bourgeois liberalization trend. This is true on the literature and art ideological front. An example is the denigration of Comrade Mao Zedong, equating him with the feudal emperors, which is still seen today in some openly published publications. This is a manifestation of bourgeois liberalization. Clearly, these things will not disappear from the scene because of our fine subjective desires that they do so. Therefore, if we want stability and development, we will have to battle against the various elements for instability. At the present time, of most importance is perseverance in thoroughly launching education and struggle against bourgeois liberalization.

Zheng Bonong: Carrying out thorough and sustained education and struggle against bourgeois liberalization requires, first of all, a clear understanding that the Western bourgeois powers strengthening of their strategy of peaceful evolution against socialist countries is an important manifestation of the class struggle being waged today on an international scale; and bourgeois liberalization is an important manifestation of the domestic class struggle. Class struggle has not halted by any means. The question is that after the annihilation as

a class of the exploiting class in China, what is the form that class struggle takes, and what kind of class consciousness we should establish today. These matters have not yet been deeply theoretically explained and defined. It is feared that this is a theoretical fountainhead for some people's deliberate "watering down" of ideological thrust.

We resolutely oppose bourgeois liberalization while seeking to unify the overwhelming majority of comrades. These two positions are not mutually contradictory. In literature and art, unity means having common goals, namely the "two fors" [for the masses and for the basic level] orientation and realization of the second step strategic goal. One should not forget unity, but neither should one forget principle as soon as unity is mentioned, forgetting the "two fors" orientation. Some problems of criticism and self-criticism also exist among the people. Only when goals are clear, the stand is clear-cut, and methods are apt and supportive can the desire to unify the overwhelming majority of comrades be attained. Otherwise, this cannot be realized either.

Ding Zhenhai: There is also an arousal problem. Here a real problems exists of encouraging healthy trends and real zeal versus encouraging unhealthy trends and evil ways. If one emphasize orientation without emphasizing principle, it will certainly not be healthy trends and real zeal that are encouraged. The zeal that is thus aroused obviously will be unable to generate a positive role in advancing the building of socialism that has distinctively Chinese characteristics or realization of the second step strategic goals. On the contrary, it will play a hindering and destructive role. Actually, everyone understands this problem very well; it does not require much discussion.

What does require emphasis is that we lack understanding of some problems that really do exist today, and we have not studied them, much less come up with attendant solutions to them. The fact is that most of the understanding of we have of some real problems is hazy; we lack sufficient command over new events and new trends; information does not circulate; data are incomplete; and the system is lacking. Therefore, on issues such as guarding against peaceful evolution and ideological penetration, and on issues such as guarding against bourgeois liberalization and its influence, all we do is speak in general terms; we lack a complete and profound exposition of such issues; and we lack systematic and concrete measures for dealing with them. I feel that we very much need some special organizations today to which some people can come for the purpose of study changes in events, thereby gaining an understanding of how situations coalesce and diffuse in the course of changes and the trend of evolution, thereby gaining an understanding of the situation as a whole. People often felt in the past that our analyses of situations still did not reach the level of a scientific understanding. Specifically, they did not elevate political and cultural struggles to a truly scientific level of understanding. Instead, they mostly looked at problems in a directly perceived and fragmentary way. They offered band-aid remedies,

halting short of solutions that offered options and provided for contingencies. Consequently, we lack a full understanding of the inner workings whereby situations develop and change, which makes it very difficult for us to find methods that we can use that are consistent with the inner workings of changes inherent in situations. In overcoming the problem of "blowing alternately hot and cold" today, I also feel that such problems continue to exist to a certain degree.

Moderator: *In responding to the grim challenges, public opinion plays a crucial role. All of you work in departments concerned with ideology, and most of you hold responsible positions in publications as well. Can you provide some views on this matter?*

Ma Weian: We must pay a high degree of serious attention to the role of public opinion. We must regard the opinion forming and propaganda media as important devices for meeting challenges. In the opinion forming and propaganda fields, of paramount importance is solution to the problem of leadership authority. Control over the orientation of public opinion rests with whom ever holds leadership authority over the public opinion field. If the proletariat does not occupy the field of public opinion, the bourgeoisie is certain to take it over. In the ideological field, if the east wind does not prevail over the west wind, the west wind will prevail over the east wind. In recent years, we have lost control over one after another political opinion bastion. On the literature and art theoretical front, staunch adherence to Marxism no longer exists. Today, the struggle to take public opinion and propaganda bastions remains fairly fierce. Quite a few publications are still propagating Western value concepts. People engaged in bourgeois liberalization understand very well the importance of controlling leadership authority on the public opinion front; they are not at all vague about it. In recent years, these people have exercised strict control over their publications. They can make unbridled attacks on socialism and slander the CPC and its leaders without giving the Marxist viewpoint any room in which to "contend." They say with their mouths that Marxism is "one school among many," but actually they do not even accord it a position as "one school." The situation is such that the articles of some comrades who hold fairly responsible leadership positions on the ideological and cultural fronts are not published if they say they are not to be published. In recent years, I have frequently had the feeling of being seized by the throat. We may "blow cold," but those who practice liberalization cannot "blow cold."

Xu Feiguang: "Blowing cold" has been extremely marked on public opinion and propaganda issues in recent years. Public opinion bastions that take a clear-cut Marxist stand are in difficult circumstances; conditions are unfavorable for them; and they cannot obtain economic support. They also lack a propaganda atmosphere for response. However, those filthy publications that bend every effort to publicize the advocacy of bourgeois liberalization, and do all possible to propagandize the political views, the social views, the outlook on life, the

value concepts, and the ideas about literature and art of the bourgeoisie are blatantly purveyed throughout the streets, some people both supporting and assisting them. Once, I bought a publication on the street, and after reading it, I had an idea. I gave it to Comrade Mo Han [7817 3211]. After reading it, he said he realized to what degree some people had become rotten. However, several hundred thousand copies of such publications are run off in each printing, and they are very quickly sold out. I feel that this is no simple matter of selling well or not selling well. Basically speaking, this is a matter of the orientation of public opinion. Is it possible that the kinds of vital products the propaganda media that we guide, and what influence they have on people can be a matter of indifference, can be allowed to drift, and can be subject to the role of "economic levers?" I believe that the way of doing things whereby public opinion and propaganda organs are made responsible for their own profits and losses should be reexamined. The way things are, how can one be sure that people will concentrate their energies on propaganda and public opinion to the exclusion of all else. This is even more so for noncommercial public opinion and propaganda organs in particular. I understand, that the government provides funds for one of the three major television networks in the United States—the public television network. It is economically absolutely guaranteed. As for the Voice of America, that goes even more without saying.

Zheng Bonong: Fundamentally changing the situation of "blowing cold" in public opinion and propaganda requires work in many regards. Not only it is necessary to provide ideological and organizational support to insure that leadership authority over the public opinion and propaganda front is firmly in the hands of comrades loyal to Marxism, but economic support must be provided as well. Cultural and economic policies must be improved, some tilt made economically to ensure the smooth publication, issuance, and circulation of socialist theory and works. Today's situation in which it is difficult to put out good books and no strong economic support is provided for good works has yet to be fundamentally changed.

Moderator: *The challenges we face are truly grave. The intense turmoil in Eastern Europe of recent years, and the rampant bourgeois liberalization trend of thought in China, particularly the political turmoil during the last spring and early summer of 1989, have caused certain people in Western capitalist countries to be beside themselves with glee. Faced with these international and domestic events, some people are confused, some waver, and some are turncoats, but there are also plenty of firm and indomitable fighters. We believe that what we are facing is truly a morale issue. What are your views about this issue?*

Xu Feiguang: We must acknowledge that the entire international Communist movement is at a low ebb today. The reasons for this low ebb are complex and many sided. There are both external conditions, such as

some Western capitalist countries speeding up the implementation of the peaceful evolution strategy, and there are also domestic reasons, such as the new situations and new contradictions encountered in the process of moving ahead with socialism; and the communist parties in some countries carrying out opportunistic lines, etc. During this period when the proletarian revolution is at a low ebb, some people have lost confidence in communism and socialism, and have gone on to doubt Marxism. Certainly this is an extremely dangerous trend. Nevertheless, it is also a normal phenomenon that is not at all surprising.

I believe that development of Marxism and the international Communist movement can never be all smooth sailing, straight, and unerring. It is a course in which there are high tides and low tides. Nevertheless, as a scientific ideological system, Marxism is always on the offensive, bold and assured; it positively cannot obscure its own banner, and dull its own cutting edge. Historically, very many classic Marxist works were born during periods when the revolution was at low ebb or encountered setbacks. On 28 May 1871, the Paris Commune collapsed, but on 30 May Marx's book on the revolutionary experiences of the Paris Commune, *The French Civil War* appeared. The year 1916 was the darkest period in Russian history. This was the period during which Russia was on the eve of the proletarian revolution when Lenin's glorious work *Imperialism is the Highest Stage of Capitalism* came out. During 1938, the 10th month after the full-scale outbreak of Chinese war of resistance to Japan was also a most arduous time. This was when Mao Zedong wrote "On Protracted Warfare" to guide all the people of China in carrying out the war of resistance to Japan, and which scored a magnificent victory. The theoretical issues urgently in need of solution that we face today are much more complex, much sharper, much more profound, and much more daunting than the issues that Marx faced during the Paris Commune period. One might say that this is our finest opportunity to develop Marxism. Nevertheless, we have yet to produce important theoretical works comparable to *The French Civil War* aimed at the enormous upheavals in Eastern Europe, and the tremendous political disturbances that occurred in China in 1989. Of course, to say that there has been no theoretical reaction at all is also not true; however, judging from the theoretical reaction, there is still little that is systematic. So far, we have been fighting a war of opportunity and guerrilla warfare rather than positional warfare. We devote a lot of attention to separate and partial tactics, but we devote little attention to the overall situation and a general strategy. A problem of morale truly exists here. A lot of the vital combat spirit and tradition of Communist Party members has been lost in some people!

Ma Weian: During the period when the revolution is at low ebb, Marxism does not necessarily have to not develop further. Were not the Marxist classics likewise written during a period when the revolution suffered setbacks? Were not quite a few of them written in straw

shacks and mountain ravines? The same applies to proletarian literature such as Maxim Gorky's *The Song of the Stormy Petrel*, and *The Seagull* [as published], which happened not to be products of the high tide of actual revolution, but rather products of the pressures on the author's "vexatious poverty-stricken life." Low ebb periods of revolution presage the arrival of a high tide for revolutionaries. This is seemingly an uneven law. Naturally, this is not to say that all revolutionaries see a high tide during low ebb periods. As soon as they encounter setbacks, and as soon as they see a low ebb in the communist movement, some of our comrades do not dare even mention Marxist and communist ideals. It is as though they have a very guilty conscience, feel they are very much in the wrong, and have lost heart. To say that they are true Marxists and members of the Communist Party is truly farfetched.

Zheng Bonong: I believe it is now necessary to raise the issue of overcoming and opposing the "Wu Xun mentality" issue. [In May 1951, Mao Zedong personally wrote a RENMIN RIBAO article demeaning as reactionary a movie about Wu Xun, who lived during the Qing Dynasty. Wu, who supposedly sacrificed himself in order to win the opportunity for poor peasant children to receive an education, was condemned as a lackey of the landowners]. Nowadays, some people are truly new era Wu Xuns. They use the "Wu Xun mentality" to "propagandize" Marxism. They rely on begging to "propagate" Marxism and to promote Marxist studies. Very obviously, this will not work. Marxism represents a progressive direction of history, and it represents the fundamental interests and the long-term interests of the broad masses of people, so why not act with justice and self assurance? Like some people in the United States who attacked Panama on the one hand while talking loudly about human rights on the other. Even though this was self-contradictory, and like slapping one's own self in the face, they still presented the appearance of being just and self-assured. Actually they were not just, but very self-assured. Since our cause is just, why do not we act with assurance?

Ding Zhenhai: Some comrades too much lack confidence in themselves. Such a state of morale is not normal!

Zheng Bonong: I read an article published abroad in which some people used the following metaphor in advocating the "emancipation of thinking": At the beginning, they acknowledged that "the scriptures" were fine, but that "the monks" were not good. Later on they wanted "the scriptures" to be changed; and finally not only were "the scriptures" no good, but "the temple" was no good too, so they tore down "the temple." However, in the face of such a step-by-step advance, some of us exhibit a step-by-step retreat. This is truly not normal.

Xu Feiguang: On no small number of issues, it is others who provide the theme while some people in China write the articles in reply. Others pick the tune, and some

people sing along. On the issue of the emancipation of thinking, for example, some people are like this.

Zheng Bonong: It should be noted that actually there are two kinds of "emancipation of thinking." One is the emancipation of thinking through the seeking of truth in facts in accordance with the policy of the Third Plenary Session of the 11th Party Central Committee; the other is to raise the banner of "emancipation of thinking" to negate everything. The result of using the latter method is to make known everywhere the willingness to repent, the whole race repenting.

In the so-called willingness to repent, repentance is the basic prerequisite for an acknowledgment of guilt. The proletariat's toppling of the exploitation system is perfectly justified; no guilt attaches to it. However, if one repents as some people desire, the result is a complete refutation of the proletarian revolution, socialism, Marxism, and the leadership of the Communist Party, etc., on and on to the point where we have no confidence left, and we completely give up.

Whatever our shortcomings and mistakes, they can be criticized among the people and earnestly corrected. The proletariat and Communist Party members serve the people with one heart and one mind, and they spare no effort in the performance of duty. What is there to criticize to the enemy; we can conduct self-criticism, but there is positively no repentance. Self-criticism and repentance are two entirely different matters. Self-criticism is for the purpose of correcting one's own errors. Repentance is a fundamental negation of self that first acknowledges that one is guilty. In Dostoevsky's *Crime and Punishment*, the leading character, Rodion Raskolnikov, is filled with repentance because he is a murderer. As proletarians, we do not have nor should we have a feeling of sin. We must expose the reactionary nature of a "sense of repentance." The "sense of repentance" that the likes of Liu Zaifu [0491 0375 1788] propagate is, to put it bluntly, an encouragement to people to refute the past revolutionary road they have taken.

Of course, neither should we convey an air of always being right. Nevertheless, the issue is that we must be filled with self-confidence. Some people are always fond of saying that we never look at issues completely. We should also analyze this charge dispassionately. It must be realized that some offensive comments are extremely unfair. One example is that as soon as Mao Zedong or the Communist Party are mentioned, only after all their mistakes have been criticized can positive things about them be discussed, otherwise the discussion is incomplete. But who can state all there is to state about everything? Even when one's own parents die, one cannot hold a funeral every day for 365 days of the year. If one were to hold a funeral everyday, everyone would be deceased.

Thus, it is necessary to advocate a state of morale that is bold and assured; one positively cannot be manipulated

by various public opinion pressures. After so many years of tempering, we have learned a little something. To be damned a few more times is not so surprising, is it? However, nowadays, some people very much fear being damned; they want to criticize their every aspect, and they are particularly anxious about making some people in the West regard them as civilized people. As to how the masses regard them, and whether they can face the common people, they pay no attention at all. In conducting peaceful evolution, both domestic and foreign enemy forces have a tactic known as "differential handling." On the one hand, they seek out, nurture, and tout their own agents, while at the same time they employ various tactics such as rumor mongering, slander, and concerted attacks to strike out against those in the ruling Communist Party who adhere to the practice of Communism. They have employed such methods for many years, and they will continue to use them in the future. We must maintain a clear head and a high degree of vigilance about this. On the one hand, we must resolutely withstand this rumor mongering, slander, and concerted attacks, not fearing abusive language. A poem that Lu Xun wrote said it well: "How can an ugly woman compete with a beautiful one; if she tries, she will only stand apart from all women. Rather than become something different when reviled, it is better to maintain the composure of a minister of state." At the same time, we must unwaveringly support those who persevere in practicing Marxism. Lu Xun said it better when he wrote: "Better to flock together in a small building caring not what season of the year it may be." I think this is the kind of spirit we should carry forward.

Ding Zhenhai: People's responses differ when faced with the present complex and grim situation. One reaction is fear of change. They fear a change in the political situation, or they fear a change in political orientation. Such a mentality is fairly common. During a previous period, "change" and "constancy" became a hot topic that has continued to be discussed for a long period of time. I feel that discussion of this topic is somewhat necessary. For historical development to be tortuous is the regular pattern. As to how tortuous it will be, no one can do any specific advance planning. After all, we are not fortune tellers.

Xu Feiguang: What is to be done should greater political setbacks truly occurs? Can the practice of Marxism be continued?

Bonong just raised the issue of overcoming and opposing the "Wu Xun mentality." I feel that additionally, it is necessary to raise the issue of overcoming and opposing the "Jia Gui [6328 2710 frame of mind]." Nowadays, the "Jia Gui frame of mind" has seen unprecedented "development" in some people. Once it takes over, they always feel a bit lower than foreigners. Reflected in theory, this poses three main issues. The first is whether our pursuit of Marxism and socialism is right or wrong? This is an issue of belief and conviction. Has not the infiltration of the western trend of thought in recent years surpassed ours in this regard? In the minds of some people, the

basic principles of Marxism are out of date, thus exhibiting doubt and an inclination to negate Marxism. Since there is a wavering of basic convictions, it inevitably shows up in loss of confidence and dejection.

Ding Zhenhai: Indeed, such a problem exists. For example, when some people write an article, even though they are clearly quoting Marx, they are unwilling to say, "Marx said." Instead they write, "a Western philosopher said."

Ma Weian: One certainly must have firm convictions and be truly willing to sacrifice everything for these convictions, including life itself. Formerly people supposed that during the period of the building of socialism, talk about "sacrifice of life" was not as real as in wartime. The 1989 disturbances and counterrevolutionary rebellion demonstrated that the need to prepare to sacrifice one's life for the sake of our cause and convictions was truly a live issue. First one must be prepared to give one's life; and second one must fight tenaciously. To die is easy, but to die a martyr's death is hard. One must be prepared to go through torment and to suffer hardships. Objective conditions may not permit you to do but rather to endure all sorts of hardship and suffering. This is when a spirit of tenacious struggle is needed to hold fast.

Xu Feiguang: Second is the previously mentioned unprecedented development of a frame of mind of blind misplaced belief in the Western capitalist system. We must fully realize the cultural hegemony of Western capitalist powers. This is a matter of strategic significance. In talking about Western culture, one must take this matter into consideration. Third is the rapid spread over a fairly wide area of idealism and religious superstition without sufficient serious attention being given to this problem. We cannot underestimate the harmfulness and the dangerousness of religious superstition.

Li Zhun: People's morale is a matter than cannot be overlooked, particularly at a time when the socialist movement is at low ebb. What kind of morale is needed? I believe that first is to raise high awareness of the socialist system; second is to carry forward a can-do spirit of being willing to make a contribution.

The strengthening of awareness of the socialist system mentioned here applies to three levels: First is taking a clear-cut stand, and acting boldly and assuredly in practicing socialism. On matters of principle, there can be no evasion or discord, and no ambiguous talk. In the literature and art field, it is necessary to hold high the banner of socialist literature and art and to bolster the socialist ideological bias in literature and art. An example is promoting the propagation of the superb culture of the Chinese people. This is an excellent deed. However if one cannot take the building of a socialist culture having distinctively Chinese characteristics as a goal, one may lose correct standards for just what one should propagate. As another example, numerous modern Western theories, including many modern

Western philosophical theories truly do contain some rational things at specific levels that should be borrowed, but the idealistic world view, the individualistic view of life, the ultra-individualistic value system, and the anarchic view of society that contained in the overall system of thought is antithetical to socialist ideology and the socialist system of thought. Only by bolstering awareness of the corpus of socialism, and firmly understanding the basic differences between the two system of thought can we remain clear-headed in the face of the surging tide of Western trends of thought of all shades and descriptions. While actively selecting among them all things of value, we must effectively oppose the penetration and corrosion of decadent culture in the capitalist system of thought. Second, we must actively propagandize the real superiority of China's socialism, speaking about it in terms of ideology and ethics, in terms of interpersonal relations, in terms of the social atmosphere, in terms of the stability of social life, in terms of the speed with which the real standard of living of the majority of people increased, and in terms of literature and art, using facts to publicize the superiority and the vitality that socialism as already demonstrated at the present stage. Third is the need to take the initiative during criticism of the bourgeois liberalization trend of thought and other erroneous ideologies to rise our own new themes, and to use the new theme of have raised of building a distinctively Chinese brand of socialism as a means of guiding the thrust of public opinion.

Moderator: Right. We must courageously meet the challenges, resolutely frustrate the strategic designs for peaceful evolution of the Western capitalist powers, and conduct penetrating and sustained opposition to bourgeois liberalization education and struggle in order to sustain and develop Marxism, making arduous efforts to build a distinctively Chinese brand of socialist literature and art theory.

Biographic Information on Chen Yuan

91CM0541A Hong Kong CHAO-LIU [TIDE] in Chinese No 53, 15 Jul 91 pp 7-10

[Article by Yen Jen-kuan (6056 1804 1401): "Chen Yun's Son Advocates Privatization in His Long Report"; 30th in a series of articles under the general heading "The Third Generation in Beijing's Political Arena"]

[Text]

Biographic Sketch of Chen Yuan, Vice President, "People's Bank of China"

Birth 1945; Chingpu, Chiangsu Education: Graduated from Qinghua University Automatic Control Department (1970); Master's degree, Department of Realistic Economics, Chinese Academy of Social Sciences

Admitted to CPC 1975 (age 30)

Experience Prior to 1984: Engineer, Chinese Academy of Social Sciences; engineer, Planning Commission, State Council; deputy secretary and

secretary, Xicheng District CPC Committee, Beijing

Experience 1984-1988: Standing committee member and director of commerce and trade department, Beijing Municipal CPC Committee; vice chairman, Beijing Municipal Commission for Restructuring the Economic System

Experience 1988-1991: Vice President, People's Bank of China, State Council

Relatives: Father—Chen Yun, 86; currently chairman, CPC Central Advisory Commission; formerly vice chairman and standing committee member of CPC Central Committee, vice premier, vice chairman of NPC, and first secretary of CPC Central Discipline Inspection Commission; Mother—Yu Ruomu [0060 5387 2606], 72, currently advisor to Science and Technology Group, Research Office, CPC Central Committee Secretariat; chairman, China Trace Element Society; Sister—Chen Weihua [7115 0251 5478], 43; history teacher, Affiliated Middle School of Beijing Normal University; formerly cadre, Labor Personnel Department, State Council

Summarized by CHAO-LIU Data Room, 24 Jun 91

Chen Yun, Son Chen Yuan in the Limelight

Among the children of senior CPC cadres, Chen Yun's son, Chen Yuan [7115 0955], president [as printed] of the People's Bank of China under the State Council, is an expert in the theory of "realistic economics." He has pursued in-depth studies on "tight operations," that is, socialist economic operations "with Chinese characteristics." In the past few years, he has concentrated his effort on the study of macroeconomic regulation and control mechanisms. Recently he submitted a report, entitled "Deep-seated Problems and Choices of China's Economy" (which is an outline and hereafter referred to as the "outline" for short), to the CPC Central Committee and the State Council. It is taken quite seriously by first-generation CPC leaders as well as second- and third-generation party and government authorities. Several of these influential persons have added their comments on the report and asked senior cadres to read it carefully. Thus it has become currently the most widely read economic paper.

While Chen Yuan was gaining fame and prestige, the *Collected Writings and Studies of Chen Yun* was published for the first time at a ceremony held in Beijing's Great Hall of the People on 13 June. Bo Yibo, vice chairman of the CPC Central Advisory Commission, wrote the title, and Wang Heshou [3769 7729 1108], formerly permanent secretary and second secretary of the CPC Central Discipline Inspection Commission, wrote the preface for the book.

There is a close "affinity" between Chen Yuan's economic theory and Chen Yun's viewpoints, but, while largely similar, there are also minor differences. Because of his "bird cage" theory, Chen Yun is regarded by both Chinese and foreign critics as one who absolutely rejects

the structural economic reform. In fact, many of the economic reform ideas since 1979 have absorbed Chen Yun's view on "rational kernels." Wang Heshou's preface says: "In as early as the 1950's...Chen Yun...put forward the basic idea of the coexistence of multiple economic sectors and the combination of the planned economy with market regulation...it is of great guiding significance to China's structural economic reform and socialist economic construction." This statement is closer to the facts. Of course, there is disagreement between Chen Yun and Deng Xiaoping on the size of the "bird cage."

According to information circulating among the children of senior cadres in Beijing, after the 14th CPC National Congress next year, Chen Yun will take no more party jobs, though he will continue to participate in "making decisions and insuring political soundness." Chen Yuan may be transferred to be vice minister of the State Planning Commission or minister in charge of the State Restructuring of the Economic System Commission (to fill the position vacated by Zhang Yanning [1728 1750 1380]), because of his accomplishment in macroeconomic regulation and control theories, and because of his experience as vice chairman of the Beijing Municipal Economic Reform Commission.

Lengthy Outline Aimed at Problems in Economic Operations

Chen Yuan's "outline" is more than 16,000 words in length. If it were not an outline, it probably would run to 50,000 or 60,000 words.

The "outline" points directly to the deep-seated problems in Mainland China's economic operations. It is blunt in criticizing the deviations and mistakes in "readjusting the economy" and the restructuring of the economic system. Some criticisms are directed against Li Peng, but more are directed against the power expansion at the local levels.

The article, a theoretical study of "realistic economics," is very well written. It has independent views, an aphoristic style, and a lot of "firepower" in attacking various kinds of evils. It sounds rather like Chen Yun. A few passages are quoted below for the "enjoyment" of our readers.

- Investment and consumption are "both on the increase"; the constantly "reproduced" mechanisms have not been really changed; and the structural contradictions remain very acute. **...which pose the greatest danger that the economy may get further out of control and collapse.**
- Weighed down by heavy burdens, most enterprises are not doing well, but it is difficult to get the inefficient enterprises shut down, suspended, merged with other enterprises, or switched to other lines of production, **and the inferior units in the economic operation cannot be eliminated.**

—In demand control lies the hope of reform and the building of a new operational mechanism, and we must not allow it be easily disrupted or back away from it. (He said, "Some people think that it is necessary to stimulate the sales of the currently unsalable goods, and that it is a matter of crucial importance to start up the market." "Some people think that China's economy needs to start up capital construction." He does not think so. And it is Li Peng who suggested to "start up" this and that.)

—Unsound demands constantly break the control of resources, erode accumulation, exhaust the Central Government, and **cause the nation's centripetal force to disappear.**

—The pursuit of absolute decentralization of powers has brought about a state of **"separate local economies."**

—Certain characteristics of "separate local economies" have appeared: excessive expansion of local interests, overcommercialization of local administrations, and the compression of national interests.

—It is necessary to eradicate the conditions for the existence and development of **"expansion like independent regimes"** and to eradicate the basis for the malignant growth of demand.

—If the pattern of decentralization is allowed to develop unchecked, the economy will be the first to collapse, and political division and separatist regimes will follow.

—The control of social demand by means of income, resources, and administration has weakened...Our present **management of social demand is in a state of anarchy.**

—The central link of development in the new period is to rebuild a macroeconomic regulation and control system with direct regulation and control as the pillar and foundation and indirect regulation and control as the nerve center.

Although Chen Yuan stresses the need to strengthen the central government's regulatory and controlling power, he also advocates privatization at certain levels. He said, "Private enterprise has a role in reinvigorating the economy that cannot be ignored." (This remark is actually an annotation to a speech by Chen Yun.) "A large number of service trades and a considerable portion of small and scattered processing industries such as the catering and clothing trades have already been privatized. These private enterprises should be developed further to give greater vigor and vitality to the economy".

When CPC diehards were repeatedly criticizing the "privatization" viewpoint in the name of "opposing liberalization," Chen Yuan showed his pragmatic side and "courage to bear responsibility" by not shunning the term "privatization" (it may also have something to do with daddy's protective umbrella).

The Idea of Tight Operation Caused a Sensation

In 1988, while serving as a standing committee member of the Beijing Municipal CPC Committee and before being transferred to the State Council, Chen Yuan gained instant fame by introducing the idea of "tight operation" and publishing a rather sensational article entitled "Tight Operation: A New Study on the Economic Operation in the Primary Stage of Socialism."

The article was attributed to a "China's socialist economic operational mechanism research" project group. The group was headed by Chen Yuan and composed of young researchers of the Beijing Municipal Commission for Restructuring of the Economic System and the Beijing Municipal Youth Economic Research Society. Well-known reformist economic theorists Dong Fureng [5516 6534 4356], Li Yining [0632 0110 1380], and Sun Shangqing [1327 1424 3237] were the group's academic directors. Wu Shuqing [0702 2885 7230], now president of Beijing University and economic advisor to Li Peng, was also the group's academic director then.

What is "tight operation?" Chen Yuan said:

The basic meaning of tight operation is economic operation under the present stage of socialist conditions to make the best possible use of the limited resources, to satisfy the excessive growth of demands caused by the constantly growing needs of the members of society, while being restricted by the resources available. Two basic states coexist in the concept of tight operation. One state is total demand slightly greater than total supply. The other is total demand far exceeding total supply, that is, the expansion of total demand. The former is the normal state of socialist economic operation in China in the present stage.

The strained state of economic operation is a universal phenomenon of autocratic socialist "shortage economies." Shortages of funds, raw and semifinished materials, energy, and goods result in "tight operation" in every link of the economy.

The article mentions three "basic characteristics" of "tight operation": First, "total demand is always greater than total supply." Second, the "structural imbalance caused by the excessive growth of total demand" and the imbalance between supply and demand of important products and among different industrial departments. Third, the "tight allocation" of social and economic resources.

Chen Yuan's contribution in directing the study of "tight operation" is the use, for the first time, of the concept of "tight operation" to explain the unbalanced state, and the causes, of demand exceeding supply in the economy of mainland China. The above-mentioned article, which was written under his guidance, introduced for the first time the concept of the "main interest bodies." It divided the "main interest bodies" into five categories: the state, central industrial departments, local governments, enterprises, and families.

Another article he wrote recently, "China's Deep-seated Economic Problems and Choices," represents his thinking on the conflict of interests between the "main interest bodies."

Master of Economics Became an Official in Beijing's Xicheng District

Theoretical economic research can be called Chen Yuan's "second career." He was originally an engineering and technical worker and turned to the field of economic theories only in the 1980's.

He was admitted to the Qinghua University Automatic Control Department, in Beijing, before the "Cultural Revolution." Classes were suspended during the "Cultural Revolution" before he could graduate. He graduated formally in 1970 (at age 25). After graduation, he worked as an engineer.

In 1979, the Chinese Academy of Social Sciences, in Beijing, began to enroll graduate students for master's degrees. Chen Yuan, now 34, was admitted to the graduate school's realistic economics department and began working for his master's degree. In a broad sense, the late Xu Dixin [6079 3321 2450]; Yu Guangyuan [0060 0342 6678], the reformist economist who is now a member of the CPC Central Advisory Commission; and Liu Guoguang [0491 0948 0342], vice president of the Chinese Academy of Social Sciences, were all his teachers.

After receiving his master's degree in economics in 1981, Chen Yuan worked as an engineer responsible for computer statistical systems first at the Academy of Social Sciences and then at the State Planning Commission. Shortly afterwards, he became an official, appointed first as deputy secretary and then secretary of the Xicheng District CPC Committee, in Beijing, positions which were equivalent to senior State Council cadres of the department level. At that time, Chen Yi's son, Chen Haosu [7115 8504 5685] (now 49), was also in Beijing, serving as deputy head of the Fengtai District. Both were cases of children of CPC's senior cadres receiving special help to advance their careers in Beijing, and the matter raised many eyebrows.

Failed to Win Beijing Municipal CPC Standing Committee Election

In 1984, Chen Yuan was promoted to standing committee member of the Beijing Municipal CPC Committee and concurrently director of the Commerce and Trade Department of the Municipal CPC Committee and vice chairman of the Restructuring of the Economic System Commission of the Beijing Municipal Government, equivalent to the position of a vice mayor or a senior State Council cadre of the vice-minister level. Chen Haosu was promoted to vice mayor of Beijing in charge of culture and education.

Later on, both Chen's were transferred from the Beijing municipal party and government systems. In 1987, Chen

Haosu was transferred to the State Council as Vice Minister of Radio, Cinema, and Television. Chen Yuan was transferred to the State Council a year later as vice president of the People's Bank of China.

In 1988, the mainland "political climate" improved somewhat, and there were some "democratic voices" within the CPC. In a secret ballot held by the Beijing Municipal CPC Committee, Chen Yuan lost his bid for the standing committee. The ultra-leftist Xu Weicheng [1776 1919 6134] almost failed to be elected to the municipal CPC committee and won barely enough votes to keep his position as the municipal CPC Committee's deputy secretary.

Chen Yuan could no longer stay in the municipal party and government organizations, and so he was transferred to the State Council by the CPC central Committee.

Chen Yun Opposes Official Profiteering; His Wife Is Nutritionist

Chen Yuan's father, Chen Yun, is now the most senior founding member of the CPC and still can influence policy decisions. His mother, Yu Ruomu, now 72, was from Zibo, Shandong. She has served as Russian translator of the Ministry of Railways; department chief of the

Expert Liaison Office, under the Finance and Economics Commission (headed by Chen Yun) of the Government Administration Council; deputy director of the botanical garden, under the Botanical Institute of the Chinese Academy of Sciences, and concurrently secretary of the party branch; and department chief of the Cadre Examination Office of the Chinese Academy of Sciences.

During the "Cultural Revolution," Yu Ruomu was persecuted because she criticized Jiang Qing. In 1981, she returned to work as an investigator and researcher in the Research Office of the CPC Central Committee Secretariat. In the past few years, she has been an advisor to the Science and Technology Group under the Research Office.

Yu Ruomu has studied food and nutrition for many years and has written articles.

Among CPC's top leaders, Chen Yun and Hu Yaobang were strict in their children's discipline and did not allow their family members to take part in "official profiteering" activities. To show that he enjoys no special privilege, Chen Yun has not sent Chen Yuan to study abroad. Chen Yuan's sister is teaching history at the Affiliated Middle School of the Beijing Normal University, really without "special privileges."

NATIONAL AFFAIRS, POLICY

Differing Views on Inflation Potential

92CE0084A Hong Kong CHING-CHI TAO-PAO
[ECONOMIC REPORTER] in Chinese No 39, 1 Oct 91
p 26

[Article by Mo Wen: "Is Inflation Likely To Reappear?"]

[Text] "Is inflation likely to reappear" is a question that the economic theoretical circle and practical working departments in Beijing are currently concerned about. There are mainly two sharply different views.

One view believes that inflation is bound to reappear, and that the level of price increases will exceed the control target. The major argument is that industrial production is showing signs of overheating; urban and rural saving deposits have kept growing, cash held by the masses exceeds 120 billion yuan, and fixed-asset investments have increased. This year grain output will fall, contributing to inflationary pressure. Increased enterprise production costs, two currency devaluations, and increased commodity prices in international markets, could all lead to price rises in domestic markets.

Another view is that inflation will not reappear, and that the rate of price increases will not be great. The major argument is that currently market supply exceeds demand, and the problem of a soft market still remains. The rapid growth of industrial production is only a temporary phenomenon, and should not be viewed as an over-heated economy; the growth of residents income has slowed down, and the trend of consumption expansion has not emerged. The large volume of credit supply, mainly channeled to facilitate circulation links, does not have a large impact on price increases.

These two views have their own reasoning, but both seem somewhat one-sided. I believe that increased costs is a major factor in pushing up the general price level. The exceedingly large credit supply and large increase of social purchasing power will increase potential inflationary pressure. Sufficient attention should be paid to this problem and not treated lightly. Second, current sluggish market demand and over-stock of social commodities serve as a constraint on price rises. It is predicted that retail prices may increase within this year or in the first half of next year, but not to a great extent. Third, the factors that give rise to inflation and those that constrain inflation currently coexist in the economy; one rises and the other falls. The key lies in state policies and the enforcement of regulations and control. The basic task of economic work is to maintain stable growth of the national economy and improvement of economic efficiency, and at the same time, to ensure the improvement of people's living standards and avoid inflation. This in turn requires scientific and prudent formulation of economic policies, and good grasp of the enforcement of policy regulations and control and the timing of policy support.

Article on Potential for Economic Overheating

92CE0084B Beijing ZHONGGUO TONGJI XINXI
BAO in Chinese 26 Sep 91 p 1

[Article by Zhong He: "Will the Economy Overheat Again?"]

[Text] Since the beginning of the year, with the relaxation of various macroeconomic regulations and control, the momentum of recovery in production, construction, and circulation has increased each month. In August, industrial output value increased 14.6 percent compared to the same month last year. Fixed asset investments of whole people-owned units increased 25.2 percent, and the gross retail value of social commodities increased 12.9 percent, a higher rate of increase than that of the previous seven months. The results of economic monitoring and early warning of relevant departments also indicates that the macroeconomy is moving closer to the "red light" zone.

Is the economy close to overheating again? To accurately answer the question, an objective criteria must be set. We believe that economic overheating is necessarily accompanied by rapid expansion of aggregate demand and a large increase in the price level. One should not narrowly look at the growth of industrial production.

At present, looking at investment demand, it is true that the rebound is strong, and that between January and August investments increased 21.7 percent compared to the same period last year, but this growth should be compared with the relatively low basis last year. The strong contractionary policy which started in the fourth quarter of 1988 brought the realized investments of 1989 and 1990 grossly below the level of 1988. Therefore, the increase of investments this year carries obvious features of recovery, and does not present a clear expansionary trend. It is not difficult to predict that in the following months, as the rate of growth diminishes and the financial resources become more difficult to obtain, the rate of growth will be lower than that of previous months. Furthermore, due to the relatively low growth rate of industrial production last year (2.6 percent for January-August 1990), the growth rate of industrial production this year is much exaggerated. On average the growth rate for the last two years was only around 8 percent.

Looking at consumption demand, in the large rural market where 80 percent of the nation's population reside, the rebound is still weak due to the relatively low procurement prices of farm and sideline products, and slow growth of peasant income. In urban markets, the possession of durable consumption goods are relatively saturated; new and large-scale "hot spots" consumption are not formed yet; the consumption expectation of the residents are stable; and saving still has a strong absorptive impact on consumption demand. Therefore, consumption funds will continue to present a trend of stable growth for the remainder of this year, and no major fluctuations are expected.

Looking at the price level, although there have been frequent price adjustments since the beginning of the year, nationwide the rate of increase of general retail price level continues to be limited. If there are no major policy supports this year, it is expected that for the year as a whole, price rises will be controlled within the planned target of 6 percent.

These conditions demonstrate that at present the Chinese economy in aggregate is not in an overheated condition. It should also be noted that great changes have taken place with regard to the present economic environment as compared to the situation before reform, and that the traditional mechanism that leads to overheating of the economy now has different scopes and forms of impact. With the decentralization of fiscal responsibilities and the implementation of various responsibility systems such as the contract, leasing and share-holding of enterprises, the body of interest has become increasingly pluralistic. The rapid and strong growth of collective and individual economies has changed the old pattern of the dominant state-owned economy, and enhanced the sense of risk and competitiveness. In terms of industrial production, the question of what to produce and how much to produce is not only subject to the changes of external production conditions such as the availability of funds and the supply of raw materials, but also constrained by the probability of market realization. In terms of investments, the volume and direction of investments and the expected rate of return have become important issues to be considered by enterprises. The persistent market sluggishness in 1989-1990 cast a dark shadow on investment prospects. The unprecedented hesitance of enterprises to accept bank loans for capital construction and technical transformation is also an important factor for the slow growth of investments albeit the loosening of macroeconomic contractionary policy. It is fair to say that after nearly 10 years of reform, those factors that constrain economic expansion have started to exert their impact. Of course, that the economy is not likely to be overheated in the short run does not mean that the possibility of overheating does not exist at all. On the one hand, the traditional expansionary mechanism still exists. On the other hand, various factors contributing to economic overheating are gradually accumulating. Investment has intensified the process of economic overheating as a result of inter-woven debt chains among enterprises and the transformation of credit into heavily overstocked products. With a large injection of state funds for clearing the debt, and the implementation is growing rapidly, the number of new projects are increasing, and employees salaries and bonuses remain at high level. In particular, the large supply of credit that exceeded absorptive capacity of the economy in previous several years temporarily of various warehouse clearance measures, the problems of inter-enterprise arrears and the extent of overstocking will be mitigated. But the problem of excessive aggregate money supply will also become apparent. This is the major hidden danger that will stimulate the overheating of the economy, and the

rebound of inflation. Therefore, the focal point of present macroeconomic regulations and control should be to strictly control the volume of credit supply, strive to reverse the uncoordinated situation that exists between production growth, marketing, and economic efficiency and prudently avoid the overheating of the economy while continuing to maintain stable growth of the national economy.

Inflation, Economic Overheating Approaching Quietly

92CE0072B Chongqing GAIGE [REFORM] in Chinese
No 5, 20 Sep 91 pp 15-16

[Article by Sun Xiaoliang (1327 2400 5328): "The Quiet Approach of an Overheated Economy and Inflation"]

[Text] At present, industrial production is starting to recover and many people are celebrating the move out of the slump. However, after their celebration, they should be on guard against the quiet approach of an overheated economy and inflation. If we do not take drastic measures, next year or the year after, we will have to bear the enormous pressures of overheating and inflation. This tendency is hard to avoid because, during improvement and rectification, we did not use the deepening of reform to create mechanisms that would restrain the expansion of investment but again resorted to retrenchment.

There are two methods of containing an overheated economy and inflation, administrative means and economic mechanisms. The improvement and rectification that was begun in 1989 basically relied on administrative means. For example, to control the size of investment and credit, construction projects were scaled back, group purchases curtailed, and the price index controlled. These are control directives issued from the top down which implement a system in which senior administrative officials are responsible. Given the situation in China at the time, relying chiefly on administrative means to constrain our overheated economy and inflation not only made sense, it could be said to have been our only choice.

Subsequent experience has shown that administrative means are effective in reducing an overly high rate of development and in controlling overly high inflation. However, the simultaneous emergence of problems such as insufficient demand, inefficient turnover, a weak market, and many large and medium enterprises not fulfilling their assignments and suffering reductions in profit severely affects state financial revenue. We should point out that these effects should have been expected given our policy of "dual retrenchment," that is, retrenchment in finance and retrenchment in credit, the purpose of which was to cut back on demand. The problem was that the intensity of retrenchment was too strong and the reduction in demand too great. The consequences were difficult to bear. It was the unanimous view in economic theoretical circles at the time to persist in retrenchment while readjusting its intensity. I

have all along, right up to now, believed this to be correct. Later, governments at all levels one after another adopted a series of policies to readjust the intensity of retrenchment. For example, fixed asset investments, originally set to be lowered by 90 billion yuan, were actually lowered by 40 billion yuan; interest rates on deposits and on loans were reduced several times; restrictions on credit and the money supply were somewhat lifted; and restrictions on group purchases were relaxed. However, if measures to readjust the intensity of retrenchment are to have an actual effect, they must be adopted during a period of slowing down and people must want to get out of the slump as fast as possible. Consequently, when we do not see instant results, we continue to adopt easy money measures. In 1991 we did this to the point where we released a total of 500 billion yuan for fixed asset investment, which greatly exceeded the 440 billion yuan released in 1988 when inflation and our overheated economy were at their peak. Now we are no longer readjusting the intensity of retrenchment. We have abandoned retrenchment.

If we had by now, through the deepening of reform, created economic mechanisms to restrain the expansion of investment, there would not be any danger even if the limits on total investment were lifted. The problem is that we did not create the mechanisms, and if we lift the administrative controls on investment, we are bound to have another overheated economy and another round of inflation. Based on what we have learned from past cycles of "heating up and cooling down," we can clearly discern beginnings of the same tendencies in our present situation. From January to May 1991, fixed asset investment of units under the ownership of the whole people was 18.6 percent higher than for the same period in 1990, and in May it was 28.4 percent higher. New projects involving 50,000 yuan or more which have gone into operation have almost doubled compared with the same period in 1990. This shows that an overheated economy and inflation are now emerging and are in the process of growing.

What are the lessons to be learned? I think there are chiefly two. First, we have been too impatient for quick results in our guiding ideology. The intensity of retrenchment was too great at the beginning of improvement and rectification because we were too impatient for quick results. Later, from the time we readjusted the intensity of retrenchment until we abandoned our policy of retrenchment, we were also too impatient for quick results. It would appear that, even though we have repeatedly stressed that we should not be impatient, the problem in fact has not been resolved. Second, reform has become divorced from development. We held off attacking the issue of prices in the very beginning because aggregate supply and aggregate demand were seriously out of balance. If we had reformed the mechanisms for originating prices, the price increases that would have ensued would have been difficult to bear. Therefore, the goal of improvement and rectification was to improve the supply and demand situation and

thereby create conditions for price reform. However, we seem later to have forgotten our original intent. When a proper balance between supply and demand did occur, although we adopted certain price adjustment measures, we did not reform the mechanisms for forming prices. Nor did we take advantage of the opportunity to use reform to create economic mechanisms which would restrain the expansion of investment. Finally, even without having formed these mechanisms, we abandoned our policy of using administrative means to control overheating and inflation. These are specific manifestations of reform having become divorced from development. We knew from past experience that these two problems should have been prevented. However we again followed the same old disastrous road, only under new circumstances and with new forms.

What should we do next? I think reform should do the following.

First, we should restore a policy of retrenchment. During the period of the Eighth Five-Year Plan, we should rely chiefly on administrative means to tighten up finances and credit and to control investment and the scale of construction. This should create conditions for making the shift to mechanisms through deepening of reform. We should make it perfectly clear that we are not engaging in retrenchment for the sake of retrenchment or merely for the sake of a stable economy and stable prices. We are engaging in retrenchment in order to make the shift to mechanisms. The economy and prices can only be stable when they are consolidated and long lasting under conditions whereby the use of economic mechanisms have replaced administrative means for restraining an overheated economy and inflation. This means that our present reliance on administrative means will give way to reliance on economic mechanisms. The shift to mechanisms will be realized through a balance between supply and demand created by the administrative implementation of retrenchment.

Second, following the above, the logical sequence for the next period in the deepening of reform should be as follows.

- When, with retrenchment, having achieved the expected results of an overall balance of aggregate supply and aggregate demand, we should lose no time in freeing up production and prices and establishing market rules and regulations. The purpose of this would be to form an orderly market environment which would create conditions for enterprises to make their own operating decisions.
- Once enterprises are able to make their own operating decisions, we should lose no time in instituting reform in which they are responsible for their own profit and loss. Being responsible for their own profit and loss will act as a restraint on their making their own operating decisions, thereby forming economic mechanisms for limiting enterprise investment and expansion of consumption. Enterprises under the ownership

of the whole people which have specifically formed responsibility for their own profit and loss are in effect in the shareholding system. In the beginning, it could be a shareholding system with the shares held by the corporate entity. When conditions ripened, it could develop into a shareholding system of mixed shareholdings with an emphasis on public ownership.

- When enterprises are able to make their own operating decisions, we should lose no time in promoting various reforms which will separate the functions of government from those of enterprises and which will separate the government's function as owner and manager. This is not only needed to guarantee that enterprises make their own operating decisions and become responsible for their own profit and loss, it is also needed to change the functions of government departments responsible for economic management. At the same time, when the "two separations" have been implemented, the government, in its capacity as society's manager, must accept responsibility for both organizationally simple reproduction and for organizationally expanded reproduction so as to eliminate investment expansion caused by government actions.
- When enterprises have mechanisms of self restraint to limit the expansion of investment and the government has eliminated actions which expand investment, we will not longer need to rely on administrative means to control an overheated economy and inflation. At present, we can say that the shift to mechanisms is basically complete.

State Enterprises Should Move Further Toward Market

92CE0072A Beijing JINGJI RIBAO in Chinese
25 Sep 91 p 3

[Article by Yan Kalin: "Weekly Economic Observer: Moving State Enterprises Further Toward the Market"]

[Text] A number of people have recently been probing the mystery of why state enterprises are not as dynamic as township enterprises and the three kinds of enterprises that are either partially or wholly foreign owned. Why is it that certain state enterprises which are not very prominent, as soon as they hang up a joint venture sign or link up with township enterprises in joint operations immediately improve their administration and management and become altogether different factories? How is that, even with the same products, the same workers, and the same factory sites and equipment, their production operations immediately take off as soon as they become a joint venture?

What people focused on in the beginning was the differences in the starting points of competition, that they were not at the same starting line. For example, the three kinds of enterprises benefit from policies granting them preferential treatment for credit and supplies and the tax burden of township enterprises is much lighter than that of state enterprises. Later, however, after a deeper probe,

it was found that the fundamental reason the vitality of state enterprises does not match that of township enterprises and the three kinds of enterprises is because of their different operational tracks, structural environments, and managerial mechanisms. The differences show up in the operations of township enterprises and the three kinds of enterprises. From development to production, they are under indirect macroeconomic regulation and control. As a general rule, the government does not exercise direct intervention over them. Consequently, they quite naturally form mechanisms emphasizing independence and responsibility for their own profit and loss. It is precisely these mechanisms which account for their vitality. Whereas state enterprises, operating under a system that has been substantially but insufficiently reformed, not only remain subsidiary government organizations, their production operations and investment activities are still subject to considerable administrative intervention. This kind of structural environment is bound to preserve the original operating mechanisms. The enterprise lacks independent decision-making authority and, at the same time, is unable to be responsible for its own profit and loss. The greater the earnings, the greater the flight of revenue, and the state guarantees losses. The result is it lacks both the motivation to pursue existing planned development and is not bound to strive for quality nor constrained by the threat of bankruptcy.

The key to whether an enterprise is dynamic or not lies in its mechanisms. At present, it seems that the reason some state enterprises are able to come alive after they become joint ventures is chiefly because they simultaneously make the shift to the right mechanisms. What is quite obvious is that the introduction of foreign capital into enterprises makes them relatively independent when it comes to property rights. Their operations quickly become disengaged from their former administrative track. It is awkward for the government to intervene directly in the internal affairs of these enterprises, nor can it any longer do so. Through this very convenient approach, enterprises are now, in a single stroke, separating themselves from government management and entering the market as legal entities responsible for their own profit and loss.

Capitalism has had certain managerial experiences from which we should be able to borrow. Of course, state enterprises can also either borrow, or through joint ventures and partnerships, directly introduce the operating mechanisms of township enterprises and the three kinds of enterprises. It is reported that Suzhou City has proposed doing this with urban state enterprises contracting with township enterprises through partnerships between the two. Meanwhile, adopting the approach of township government's control over township enterprises, the government will only exercise control over the macroeconomy, planning, and guidance services. Things such as production operations and distribution of the work force are to be left totally to the enterprises themselves. Xiamen City has likewise drawn up plans

and is implementing detailed rules and regulations for revitalizing state enterprises along the lines of the managerial methods used in the three kinds of enterprises.

However, after comparing the mechanisms of the township enterprises and the three kinds of enterprises with the goals of enterprise reform as normally discussed, it is immediately apparent that what they have in common is separation of government from enterprise management, independent decision making, and responsibility for their own profit and loss.

Consequently, it is better to let state enterprises be introduced to a mechanism using this for a reference than be subject to a stepped-up direct transition to it locally. Or, in other words, it is better to help them emerge from their present system as soon as possible to enter the market directly.

In fact, the principle of government separate from enterprise management and that of simplified administration and delegation of authority were explicitly set forth in the initial stage of reform. The Central Committee and State Council recently reaffirmed this many times declaring we must persist in separating government from enterprise management and properly separating managerial authority from ownership and that routine production activities of enterprises must be regulated by the market. However, for a variety of reasons, we were never able to do a good job of implementing these reform measures. Most state enterprises lack authority and motive power, as well as strength and vitality. In addition, a fairly large number are still in dire straits. According to statistics, 36 out of every 100 state enterprises nationwide are operating at a loss. If we include those with hidden losses, the figure would be much larger.

Revitalizing state enterprises, especially large- and medium-sized ones, is obviously extremely urgent. Separating government from enterprise management is truly an essential step. China's economic structure and operating mechanisms have undergone huge changes. At present, 60-70 percent of materials needed by enterprises come from the market, approximately 50 percent of commodity prices are fixed by the market, and only 16.2 percent of total industrial output value is achieved under mandatory planning. If, given these circumstances, the production operations of state enterprises must still take orders from administrative departments, they cannot very well adapt themselves to the market and the functions of the market cannot be fully exploited.

Separating government from enterprise management, that is, making the transition from "keeping one eye on higher authority, and one eye on the market" to focusing wholly on the market, constitutes a basic condition for enterprises exercising their own managerial decision-making power and taking responsibility for their own profits and losses, a requirement for integrating a planned economy with market regulation, and the most important link in deepening enterprise reform and in

revitalizing the strength of state enterprises. Of course, strengthening government separation from enterprise management does not mean running some kind of "enterprise without any higher authority." The key here is the need for a sensible and clear-cut division of labor between the government and enterprises. The government's mission is to draw up economic development plans and goals for macroeconomic regulation and control, to formulate industrial policies, regional policies, and other economic policies to guide and regulate and control economic operations. The enterprise's mission is to organize its production operations within the scope of state plans and policy regulations and according to the demands of the market.

What we have to do now to effect this division of labor as fast as we can is to comprehensively implement enterprise decision-making power in compliance with the "Enterprise Law." We now have to integrate a simplified administrative structure with the transformed functions of government and call on governments at various levels not to exercise direct control but to provide indirect guidance, supervision, and services to enterprises so that their microeconomic activities such as day-to-day production operations and trade are truly regulated by the market. We also must improve the market system and market organizations, speed up the establishment and perfection of a social security system, and coordinate the implementation of various aspects of structural reform, such as planning, pricing, the financial administration, monetary institutions, taxation, investment, and workers' wages. After state enterprises have entered the market as a result of all this, they will have to strengthen their ability to meet market emergencies, actively expand their markets, and they will have to make an effort to strengthen internal reform and internal control, and speed up technical progress.

To sum up, establishment of a new structure out of the integration of a planned economy with market regulation, the clear example of township enterprises and the three kinds of enterprises, and especially the existence of a fairly large number of state enterprises in dire straits demand that we speed up the separation of government from enterprise management and move state enterprises toward the market. If we continue to postpone this reform which was made clear long ago, state enterprises could collapse.

Steady Economic Growth Forecast for 1991, 1992

92CE0088A Chongqing TIGAI XINXI [SYSTEM REFORM NEWS] in Chinese No 17, 5 Sep 91 pp 7-8

[Article by Huang Yuncheng (7806 6663 2053) and Zhong Kaiyuan (1350 7030 0337): "National Economic Forecast"]

[Text] After two years of sluggish growth in 1989 and 1990, the Chinese economy entered a new expansionary phase in 1991, as indicated mainly by a rapid increase in

industrial production, a gradual turnaround in the urban and rural markets, brisk foreign trade, and basic stability on the financial front.

Recently we forecast the economic development trend for this year and next using quantitative theories and put forward policy recommendations targeted specifically at problems in economic work today. The overall view is that the national economy will continue to maintain its expansionary momentum this year and in the first half of next year. Industrial production is expected to slow down in the latter half of 1992 amid rising threats of inflation.

Nationwide the gross value of industrial output above the village level is projected to reach 2416.6 billion yuan (1990 constant prices) in all 1991, up 13.5 percent over the previous year, the variance of the growth rate ranging from 10.9 percent and 14 percent. Specifically, the output value of industry either collectively owned or owned by the whole people will be 1524.3 billion yuan, up 8.4 percent over a year ago while that of other types of industry will reach 907.8 billion yuan, up 22.5 percent.

It is clear from these projections that industrial output will pick up in the second half of this year, expanding 15.2 percent nationwide compared to 13.4 percent in the first half. Specifically, light industry and heavy industry will grow 17.1 percent and 13.3 percent, respectively, while industry owned by the whole people and industry not owned by the whole people will grow 8.6 percent and 24.7 percent, respectively.

Social commodity retail sales for 1991 are expected to reach 985.6 billion yuan, an increase of 19.4 percent over the year before, 4 percentage points higher than the average rate (15.4 percent) recorded over the years since reform began. Retail sales will increase 12.7 percent or so in the first half of the year and 23.4 percent in the second half.

Imports and exports are expected to total 134.2 billion yuan for the entire year, up 16.3 percent. In the first half of the year, imports and exports were worth 30.4 billion yuan and 26.8 billion yuan, respectively, up 18.5 percent and 15.9 percent. Projections are that imports and exports will hit 72.1 billion yuan and 62.1 billion yuan, respectively, for the year as a whole, representing gains of 15.0 percent and 16.5 percent, respectively.

Fund supply: urban savings deposits are projected to reach 701.4 billion yuan or so by year end, up 35.1 percent compared to the previous year. Industrial loans will rise 23.1 percent over a year ago to reach 603.2 billion yuan, while money supply on the market will expand 24.1 percent to total 328 billion yuan.

Based on our projections and analyses, there are three major factors influencing industrial growth:

1. Loosening credit and increasing the money supply. A rapid increase in fund supply is the leading factor in

stimulating industrial production. To lift industrial production from its doldrums, the state has taken a string of measures to loosen credit, such as increasing loans and cutting interest rates, which have ended the shortage of funds induced by retrenchment in the early phase of the drive to rectify the economic climate and improve the economic order. As a result, industrial production has been expanding strongly. For 1991 as a whole, the fund demand in output value increase (the increase in industrial loans/ increase in industrial output value) is projected at 15.16 yuan, that is, a 15 yuan increase in industrial loans will be needed for every one yuan increase in industrial output value, 11.6 yuan more than the fund demand of 3.56 yuan in 1988, itself a year of rapid growth. This shows that the economic expansion that took place after the industrial recovery of 1990 was still secured at the price of a substantial increase in borrowing. One has to be skeptical about the continuity and stability of such expansion. As borrowing increases apace, the steady decline in interest rates has only added fuel to the flames of expansion. In April 1991, the interest rate on one-year working capital loans slipped another 0.72 percentage points to 8.64 percent, having been cut twice already in the previous year. In less than two years, interest rates on loans fell 2.7 percentage points from the level of February 1989, more than in any period in history.

In the midst of an industrial expansion induced by more borrowing, we must pay full attention to one phenomenon, namely the steadily declining elasticity of industrial expansion to rising loans. The coefficients for the three years from 1988 to 1990 were 0.76, 0.42, and 0.20, respectively. This shows that the returns on fund inputs in industrial expansion have been falling continuously. The issue of poor returns remains the focus of economic work.

2. Demand-led growth. Here we mainly analyze the impact of investment demand, domestic consumption demand, and imports and exports on industrial production.

A) Industrial demand has been growing fairly rapidly. Judging from the present situation, investment will remain robust in the foreseeable future primarily for the following reasons. First, the intensification of technical transformation is still the main tool in revitalizing large and medium enterprises, particularly old industrial bases. The government policy of increasing investment in technical transformation will not change. Second, investment using self-raised funds, which accounts for a substantial share of capital construction investment, continues to increase at a rapid pace. Third, as the foreign investment climate gets better and better over time, foreign investment will also grow significantly. Fourth, the scale of fixed assets investment lending by banks has consistently been on an upward trend and is not expected to drop below the growth rate of industrial output. Fifth, the number of new projects is increasing sharply.

B) The domestic market continues to rebound, fueled mainly by the following: 1) Institutional consumption has been expanding steadily. 2) The rural market is improving. 3) Sales of agricultural capital goods appear promising. 4) The adjustment of the selling prices of grain and oil will depress sales somewhat in the short run. Because of their limited consumption elasticity, however, sales will still show a gain for the year as a whole.

C) Foreign trade is increasing steadily and the impact of changes in imports and exports on industrial production is growing by the day.

3. Industrial enterprises not owned by the whole people have developed rapidly. Judging from the current situation on the industrial production front, the various types of economies other than industrial enterprises owned by the whole people have become the main engine of industrial expansion, a role that was particularly prominent in the last two years, a time of slow growth. The various types of industrial enterprises not owned by the whole people accounted for 19.6 percent, 36.0 percent, and 39.6 percent, respectively, of all output value in 1979, 1988, and 1990, and is expected to make up 42.5 percent of total output value in 1991. These numbers show that the state of industrial enterprises not owned by the whole people has become a major factor in the stable development of the national economy, particularly industrial production.

It will be "full steam ahead" in industrial production in 1991, with the growth momentum lasting through the beginning of 1992.

Even as we forecast sustained growth in the national economy, we must also be aware of the problems, notably the following: 1) The decline in profits is unlikely to be reversed any time soon. 2) Coexisting with the increase in demand is a structural weakness. 3) Underneath the veneer of stability on the market is rising inflationary pressures. 4) The budgetary situation is worrisome. 5) Production development and the constraints of the economic system are coming into sharper and sharper conflict. 6) Short-term growth causes long-term imbalances. These are problems that need to be resolved without delay, problems that cannot be side-stepped if the national economy is to develop healthily. Besides, massive flooding this summer has cast a shadow over the smooth development of the economy. (One weakness of our forecast is that it did not take into account the impact of the disaster.)

Based on our projections, the economic cycle will be in a downturn in the second half of 1992 when industrial growth will be slowing down and inflation will be higher than it is now. Accordingly, we must take advantage of the relatively stable economic environment in existence now to introduce a string of reform measures at the right time and be determined to adjust the industrial structure and product mix, thus laying the groundwork for economic growth in the 1990's.

PROVINCIAL

Shanghai Leading Energy Conservation Efforts

92CE0102B Shanghai JIEFANG RIBAO in Chinese
7 Oct 91 p 2

[Article by Qiu Xin (5941 2450): "Shanghai Now Stands at the Forefront of China's Energy Conservation Efforts, Through Having Achieved the Goals of Increasing Output With Little Extra Energy, and Conserving Energy for Better Efficiency, and After Having Conserved and Used 6.9 Million Less Tons of Standard Coal in the Past Decade"]

[Text] Shanghai now stands at the forefront of China's energy conservation efforts after a decade of hard work. Shanghai's energy consumption per 10,000 yuan GNP was 4.21 tons of standard coal in 1990, or 33.4 percent lower than the 6.33 tons for 1980. Shanghai's GNP has grown at an average rate of 8.98 percent a year, while our energy consumption has increased at an average rate of only 4.64 percent a year, so that we have conserved for the nation and used 6.9 million less tons of standard coal in a decade, and realized the goals of increasing output with little extra energy, and conserving energy for better efficiency.

Aimed at Shanghai's conditions of concentrated industrial enterprises and high energy consumption, the Shanghai government and Municipal People's Congress issued "Temporary Provisions on Energy Conservation by Shanghai's Industrial Enterprises" and "Detailed Enforcement Rules and Regulations," which were China's first local energy conservation legislation. Moreover, Shanghai has also become an energy conservation personnel training center, through having trained over 1,000 factory directors in energy conservation, and over 1,200 cadres at all levels throughout East China in energy conservation work in the last decade. By 1990, through strict examination and review, Shanghai had 453 enterprises that had been approved as energy conservation enterprises, of which 51 were No 1 national energy conservation enterprises, and nine others were graded by the state as national energy conservation model enterprises.

In the next decade, Shanghai's industrial structure is going to change from high energy consumption and energy waste to low energy consumption and energy conservation. During the Eighth Five-Year Plan, Shanghai is going to lower its energy consumption per 10,000 yuan GNP by 1-2 percent, and strive to save 2.5 million tons of standard coal in these five years. This will include conservation of 1.6 billion KWh of electric power, 2 million tons of coal, and 40 million cu m of coal gas, in order to save another 2.5 million tons of standard coal during the Eighth Five-Year Plan. By the end of the Eighth Five-Year Plan, the per unit consumption for products that account for 20 percent of Shanghai's industrial energy consumption will have reached or approached advanced international standards for the

early 1990's, and the per unit consumption for 60 percent of our products will have reached advanced domestic standards. By the end of the Eighth Five-Year Plan, the per unit consumption for products that account for 30 percent of Shanghai's industrial energy consumption will have reached or approached advanced international standards for the mid-1990's, and the per unit consumption for 60 percent of our products will have reached advanced domestic standards.

Qinghai Releases Jan-Sep Economic Statistics

HK2410065291 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 19 Oct 91

[Excerpts] The latest statistics released by the provincial statistics bureau show that the local national economy operated normally in the period from January to September this year and the economic situation kept developing in a favorable direction. In addition, the industrial production target will be fulfilled. In the first nine months this year there was a steady increase in fixed asset investment. There was an ample supply of commodities in the market. The provincial government obtained increased revenue. Staff and workers and residents earned greater incomes.

Because party and government leaders at all levels across the province have attached great importance to agriculture and animal husbandry as the foundation of the national economy this year, increasing input in agriculture and animal husbandry, this province will witness a good harvest in agriculture and animal husbandry despite natural disasters including intensive heat, drought, and hail. The total output of oil-bearing crops is expected to exceed last year's figure, while that of grain will approach the amount last year, which saw a bumper harvest. It is a foregone conclusion that there will be a bumper harvest in animal husbandry.

Agricultural and pastoral areas across the province are presently finishing their autumn harvest. All localities are expected to make adequate preparations for the spring plowing next year. [passage omitted]

From January to September this year, the output value created by industrial enterprises at township level and above across the province hit 4.42 billion yuan, up 6.2 percent over the same period last year. Industrial enterprises covered by the province's plan created 75.4 percent of the total output value planned for 1991 in this period, overfulfilling the three-quarter plan. Newly established industries basically grew in tandem. Light industry registered growth of a rehabilitative nature. All types of [words indistinct] industrial enterprises, large and medium enterprises in particular, chalked up a steady increase in their production, promoting the economic situation as a whole and playing a certain role in raising economic efficiency. But poor economic efficiency and excessive stockpiles of certain products remain the main problems for our industrial production. During the January-September period, losses incurred in

262 budgetary locally administered state-owned industrial enterprises across the province were 30 percent more than in the same period last year. [passage omitted]

During the first three quarters this year, the volume of goods transported by railroad and highway was greater than in the same period last year. The total volume of postal and telecommunications services increased by 14 percent over the same period last year. The fixed-asset investment pattern improved to a certain extent. There was an increase in the ratio of investment in productive undertakings and basic industries. Proper investment was made in large- and medium-sized key construction projects. But funds for capital construction were not available as desired. A fairly excessive number of new projects was started.

Since the beginning of this year, this province has seen a steady and normal market and circulation. There has been a normal increase in the purchase and marketing of commodities. The revenue obtained by local governments across the province totaled 476 million yuan during the January-September period, up 14 percent over the same period last year. Credit volume was in the normal range. The people in urban and rural areas had their incomes increased and their living standards improved to a certain degree.

Life in Qinghai Poor Areas Improving

OW0111051291 Beijing XINHUA in English 0243 GMT 1 Nov 91

[Text] Xining, November 1 (XINHUA)—The economy in poverty-stricken areas of Qinghai Province in northwest China has made progress as a result of a five-year program launched by the provincial government.

The annual average income of farmers and herdsmen in the poor areas has reached 358.59 yuan—a 57.5 percent increase over that of 1985, and the per capita grain possession has reached 367 kg. Now, 90.7 percent of people in these areas have escaped from poverty, local officials said.

Located on the Qinghai-Tibet Plateau, Qinghai Province has an unfavorable natural condition for economic development. The provincial government has adopted a series of preferential policies including supplies of funds and materials to support the economic development in the areas in recent years, according to officials.

Since 1986, a total of 1,065 cadres from various departments have been mobilized to work on the spot in the poor areas.

FINANCE, BANKING

Insurance Grows in Rural Areas

OW0711092991 Beijing XINHUA in English 0758 GMT 7 Nov 91

[Text] Beijing, November 7 (XINHUA)—Chinese farmers and rural enterprises are showing a growing

confidence in the country's insurance service, with their total insured property hitting 1,000 billion yuan (about 186 billion U.S. dollars) this year. The premiums from rural insurance across China has been increasing at a rate of 53.7 percent over the past few years, according to an insurance official from the People's Insurance Company of China [PICC]. The total amount of property insurance in rural areas had surpassed 1,000 billion yuan by the end of 1990, and the income from rural insurance premiums since 1982 has exceeded two billion yuan (about 370 million U.S. dollars), the official said.

Rural insurance, which was instituted in 1982 and has great potential among China's 900 million-strong rural population, is becoming increasingly popular among farmers, the paper [as received] reported.

The official said, more than 300 million Chinese farmers have had their private houses insured, while most rural enterprises were insured against fire, flood and other disasters.

PICC, the country's only authorized insurance company, has so far developed more than 100 policies and more than 10,000 insurance agencies have started up around the country's vast rural areas.

In the first eight months of this year, China's insurance companies paid out a total of two billion yuan in compensation to rural households, in comparison to just 192 million yuan last year.

Securities Markets Flourish

*OW0311090991 Beijing XINHUA in English
0833 GMT 3 Nov 91*

[Text] Shenzhen, November 3 (XINHUA)—China will make further use of the securities markets to promote the development of the national economy.

According to a senior official of a state financial organization, China will issue more state treasury bonds as well as develop other financial investment measures by increasing their issue in the Eighth Five-Year Plan Period (1991-1995).

All large and medium enterprises will collect funds by themselves for technological transformation through issuing more corporation debentures.

The enterprises can develop new types of securities, such as housing debentures, unit investment fund securities, trust benefit securities and other types of financial bonds.

China will establish more trial stock markets while increasing stock issues in the two trial markets already in operation in Shanghai and Shenzhen.

While issuing a special stock in Renminbi (B stock) and initiating a foreign currency investment fund, China will explore ways to absorb foreign capital through securities markets.

Since 1980, when China began to reissue treasury bills, the country has developed dozens of securities, including corporation debentures, financial bonds and stock.

According to statistics, the capitalization of China's securities markets reached 261.9 billion yuan, or 9 percent of the total amount of financial capital in 1990.

The statistics show that the total value of securities exchanged was more than five billion yuan in the first seven months of this year.

Bank To Provide Loans for Home Ownership

*HK1810034691 Beijing CHINA DAILY in English
18 Oct 91 p 1*

[Article by Xie Yicheng and Li Hong: "Big Bank Loans To Help Housing Reform"]

[Text] In an effort to promote the planned housing reform, the government has directed banks to extend loans to people wishing to buy their own housing.

The People's Construction Bank of China, a national bank specializing in fixed assets investment, will offer loans totalling 15 billion yuan (\$2.83 billion) before 1995 to prospective home buyers.

Most urban Chinese residents have been living in government subsidized housing on rents that are ridiculously low. The rent is not even enough for regular maintenance, and there is not enough government funds to provide the growing population with adequate housing.

Ma Liming, a bank official, explained the new loan scheme which is somewhat different from the mortgage system in many other countries.

The new loan policies will work as follows: buyers first present 30 percent of the price of an apartment and deposit it in the bank. After about six months, their initial deposit will be returned to them, plus interest, and the remaining 70 percent will be given them in the form of bank loans. Buyers have 15 years to repay the loans, along with interest.

The money will aid the country's fledgling real estate industry and help low-income families buy homes.

Approved by the State Council, the bank and its provincial branches have set up 1,269 "housing credit departments" to handle 80 percent of the housing business, said a bank source yesterday.

The bank is also drafting a document on housing mortgage loans, which the government believes will help the real estate market.

MINERAL RESOURCES

Copper Industry Struggles To Meet Demand

OW0611032091 Beijing XINHUA in English
0148 GMT 6 Nov 91

[Text] Beijing, November 6 (XINHUA)—While boosting its mining capacity, China's copper industry will in the next five years use more foreign resources to meet growing domestic market need for copper.

According to an official of the China National Nonferrous Metals Industry Corp. [CNNC], which supervises the country's nonferrous metals production including that of copper, in 1990 China turned out 558,000 tons of copper, while it consumed an estimated 680,000 tons. To fill the gap, the country imported about 130,000 tons of copper during the year.

"If imported copper ores were taken into account, last year's copper imports were more than that," said Song De'an, deputy director of CNNC's copper and nickel division.

Last year China imported 300,000 tons of refined copper ore, from which 80,000 tons of raw copper were produced.

Over the past few years, China's copper consumption has kept growing owing to its greater emphasis on the development of transport and telecommunications sectors, all big consumers. CNNC officials predict that, by 1995, China's annual demand for copper will increase to 800,000 tons.

To make supply catch up with demand, the copper industry will vigorously increase mining and smelting capacities, use more foreign sourced ores and waste copper and continue to import some raw copper, according to a CNNC plan.

The plan calls for producing 650,000 tons of copper a year by 1995.

To find more copper ores, CNNC has been accelerating prospecting. Geologists have recently discovered a new copper mine with a proven copper deposit of 970,000 tons in the southwest of the country. Development of the mine has been listed as one of CNNC's ten major projects in the coming decade.

Also, CNNC welcomes foreign businesses to co-mine Chinese deposits with domestic mining enterprises.

CNNC is currently negotiating with a foreign firm on the establishment of a copper mining joint venture.

China, in fact, is rich in copper deposits. But as most new discoveries are located in remote areas, their development is hampered by many difficulties. National copper production from home-mined ores, as a result, cannot be expected to go up dramatically, Song said.

Another option, therefore, is to import 320,000 tons of refined copper ore, 20,000 tons more than last year.

Efforts will also be made to bring about a corresponding increase in smelting capacity. A CNNC plan calls for increasing national smelting capacity to 550,000 tons in 1995 from 340,000 tons in 1990. This will be achieved mainly through updating its existing smelteries with latest technologies developed at home and abroad.

Yet another option, according to the CNNC plan, is to recycle more waste copper. In 1990, the copper industry produced 200,000 tons of recycled copper, accounting for 40 percent of its total copper output.

The industry is capable of recycling 400,000 tons of waste copper annually. But lack of waste copper has left half of its recycling capacity idle.

In fact, Song De'an said, domestic supply of waste copper has already reached the upper limit, promoting the copper industry to turn its eye to the international waste copper market, to buy the stuff.

Meanwhile, the Chinese copper industry hopes to increase its export of copper products, a number of which enjoy a good reputation on the world market.

"By importing more ores and exporting ore products, we can achieve a healthy development of the copper industry," said Fang Dacheng, director of CNNC's copper and nickel division.

INDUSTRY

Toy Production, Exports Increase

OW1111020191 Beijing XINHUA in English
0140 GMT 11 Nov 91

[Text] Beijing, November 11 (XINHUA)—China has become the largest toy producer in the world after years' accelerated development of its toy industry.

According to statistics, the country's annual output value of the toy industry reached 4 billion yuan (about 755 million yuan) while its export value reached 600 million U.S. dollars.

Last year the number of varieties of domestically produced toys were increased to more than 10,000, doubling that in 1985. Chinese toys have sold well on the international market, according to statistics.

Now China has more than 1,700 toy making companies. Shanghai, Beijing, Guangdong, Fujian and Jiangsu have become major toy producers and export bases of the country.

Jan-Sep Textile, Light Industry Output Statistics*HK1110100291 Beijing CEI Database in English
11 Oct 91*

[Text] Beijing (CEI)—Following is a list of the output of textiles in Jan.-Sept. 1991, released by the State Statistical Bureau:

Item	Unit	1-9/91	1-9/90
Yarn	10,000t	361.34	330.42
Yarn	10,000pc	2011	1839
Cloth of:	100m.m	128.83	130.45
Pure Cotton	100m.m	75.68	75.28
Chemical Fiber	100m.m	12.80	14.79
Silk	10,000t	4.24	3.95
Silk Fabric	100m.m	14.92	11.53
Woolen Fabric	10,000m	21075	19036
Knitting Wool	10,000t	15.71	13.97
Gunnysack	10,000pc	48641	51632
Garment	100m.pc	16.42	15.05

Notes: T—ton, PC—piece, M.M.—million meter, M.PC—million piece

Following is a list of the output of China's light industry in Jan.-Sept. 1991, released by the State Statistical Bureau:

Item	Unit	1-9/91	1-9/90
Bicycle	10,000s	2740.89	2277.99
Sewing Machine	10,000s	550.97	553.93
Watch	10,000	5745.6	5857.9
Camera	10,000s	368.38	116.10
TV Set	10,000s	1900.03	1888.75
Color TV	10,000s	859.22	661.69
Video Recorder	10,000s	12.12	2.96
Radio	10,000s	1239.37	1392.81
Tape Recorder	10,000s	2217.72	2165.52
Integrated Circuit	10,000pc	7972.17	7677.38
Washing Machine	10,000s	520.09	486.27
Electric Fan	10,000s	5121.27	4518.59
Refrigerator	10,000s	378.21	374.59
Air Conditioner	10,000s	47.22	18.57
Vacuum Cleaner	10,000s	51.17	44.83
Electric Cooker	10,000s	717.39	590.32
Sugar	10,000t	427.93	377.20

Salt	10,000t	1779.0	1444.4
Cigarette	10,000c	2402.7	2327.5
Beer	10,000t	696.27	571.19
Liquor	10,000t	341.65	333.38
Canned Food	10,000t	103.93	101.32
Dairy Products	t	274794	227666
Feed	10,000t	1862.28	1693.25
Machine-Made Paper and Kraft	10,000t	934.67	848.12
Newsprint	10,000t	31.45	22.22
Relief Printing Paper	10,000t	42.45	43.41
Synthetic Detergent	10,000t	114.01	116.76
Daily Fine Aluminium Products	t	60696	53420
Plastic Products	10,000t	265.70	233.85
Farming Film	10,000t	29.67	24.20
Bulb	100m pc	20.80	17.28

Notes: S—set, PC—piece, T—ton, C—carton, M PC—million piece

Qinghai Industries Register Increased Output*HK2410020291 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 12 Oct 91*

[Text] From January to September this year, the output value created by industrial enterprises at township level and above throughout the province hit 4.419 billion yuan, up 6.2 percent over the same period last year.

Of the above figure, the output value created by the light industry amounted to 1.285 billion yuan, registering a 6.9 percent increase; and that by the heavy industry totaled 3.134 billion yuan, up 5.9 percent.

In terms of ownership, the output value created by state-owned enterprises totaled 3.841 billion yuan, up 5.1 percent; and that by collectively owned enterprises stood at 569 million yuan, increasing 13.6 percent.

From January to September, the output value created by industrial enterprises covered by the province's plan was to the tune of 4.404 billion yuan, making up 75.41 percent of the total planned figure for the year, up 6.2 percent compared with the same period last year. Of the 4.404 billion yuan, the value created by large- and medium-sized enterprises ran to 2.51084 billion yuan, up 7.5 percent.

AGRICULTURE

Zhejiang Farm Purchases Exceed 1 Billion Yuan

92P30041A Hangzhou ZHEJIANG RIBAO in Chinese
9 Sep 91 p 1

[Text] This year, because of frequent natural disasters and a reduction in the output of principal agricultural products, supply and marketing cooperatives throughout Zhejiang Province have stepped up circulation and management of agricultural products. They have also vigorously improved the organization of product circulation, allowing the purchase of agricultural products by Zhejiang's supply and marketing cooperative system in the first half of the year to equal 1.06 billion yuan, an increase of 1.6 percent over the same period last year.

Supply and marketing cooperatives throughout Zhejiang, while strengthening and perfecting over 80 agricultural by-products wholesale trade markets, have also created 15 wholesale markets at the principal product collection and distribution centers at Shaoxing, Jiaxing, Huzhou, and Qingyuan. The Xiaoshan fruit wholesale trade market combines trade, settling accounts, storage and transport, finance and taxes, management of industry and commerce, and security work. After four months of business, the market had handled 2,600 tons of all varieties of fruit, while the trade volume reached 4.06 million yuan.

Because of natural disasters, springtime silkworm cocoon production dropped, but supply and marketing cooperatives enthusiastically did the work of harvesting and drying, and the volume of cocoon purchases province-wide only fell 3.2 percent below last year's total. The ratio of marketable cocoons increased by more than 300 percent.

Zhejiang Early Hybrid Rice Production Increases

92CE0069A Hangzhou ZHEJIANG RIBAO in Chinese
5 Sep 91 p 2

[Text] After four years of fluctuation, the early hybrid rice area in Zhejiang Province took a new step forward this year. According to statistics, the early hybrid rice area has reached 843,100 mu this year, nearly double the record area in 1988.

Developing early hybrid rice is an important move to a new level of grain production in Zhejiang, but the growth rate has been slow. The major reason is the failure to combine the ideal seed combination with high-yield techniques. Prior to 1988, hybrid variety Weiyou No. 35 which has a high yield but a long growing period was popularized. Although early rice was a bumper harvest, it affected late rice production, and failed to achieve the goal of annual increased output. Therefore, it has been difficult to increase the sown area.

Facing the problems mentioned above, relevant departments and scientific researchers have made vigorous

efforts to enhance hybrid variety combination with high-yield techniques for the last two years. After popularizing Weiyou No. 48-2 hybrid, they popularized a new hybrid variety Shanyou No. 48-2. In experimental fields, because of the gradual combination of fine seeds and superior methods, and the higher efficiency of new technology, there was a bumper harvest despite insects and natural disasters. For example, a survey of 1863.89 mu of Shanyou No. 48-2 in Ruian City showed an average per mu yield of 482 kilograms, an increase of 82.8 kilograms compared with the yield of normal varieties of similar maturity period. The average per mu yield on 125 mu of Shanyou No. 48-2 experimental fields was 554.2 kilograms. In 1991, the area sown to Shanyou 48-2 increased from 22,000 mu in 1990 to 355,000 mu, and the Weiyou No. 48-2 area was 229,700 mu. These hybrid varieties are becoming predominant.

The success of large scale production of these two hybrid varieties produced favorable conditions for the development of early hybrid rice. Farmers everywhere demanded more hybrid varieties. It is estimated that in Jinhua and Wenzhou prefectures, two major early hybrid rice producing areas, the area will double next year.

To further expand the early hybrid rice area next year, attention should be paid to early hybrid rice seed supplies. Viewing the current seed production situation in Zhejiang, next year early hybrid rice seeds will be short. The early hybrid seed area in Zhejiang is 11,000 mu, and estimated output is 1.4 million kilograms of seeds. In addition to the seeds already in storage, the seed area in 1992 will be about 1 million mu. Of these seeds, Shanyou No. 48-2 and Weiyou No. 48-2 seeds are only enough to sow 600,000 mu. Due to this situation, seed exports should be strictly controlled, and the masses should be educated on seed conservation.

In addition, attention should be paid to different characteristics of different hybrid varieties, and combined with high yield techniques. Fine hybrid varieties and growing methods must be popularized. Meanwhile, efforts should be continued to select better hybrid combinations.

Fujian Completes Purchase of Spring, Summer Grain

92CE0069B Fuzhou FUJIAN RIBAO in Chinese
5 Sep 91 p 2

[Text] By 9 September, Fujian Province had put 877 million kilograms of contracted spring and summer grain in storage, fulfilling 102.8 percent of the task. Six regions and cities as well as 49 counties (cities and districts) in Fujian either reached or exceeded their task.

Summer grain procurement this year proceeded under severe drought conditions, leaders at every level in the party and the government treated the matter very seriously, and made timely arrangements. The peasant

masses also displayed the fine tradition of "three supports," and were enthusiastic about selling grain to the state.

Grain departments at every level made good preparation for storing summer grain. To avoid "grain selling difficulties," grain production and sale regions worked closely together, and adopted measures to clear storage space, combine storage sites, rent new storage space, speed up grain transportation, and construct new grain silos. In July alone, 710 railroad cars of grain were shipped out of northern Fujian. New storage with a capacity of 100 million kilograms of grain was built province wide for summer grain procurement.

All areas earnestly carried out grain procurement policies. Presently, 184,000 tons of fertilizer, fulfilling 98 percent of the amount promised by the state in the "three linkage program," and 17,000 tons of diesel fuel, fulfilling 100 percent of the amount promised by the state, have been delivered in exchange for grain.

Developments Made in Foreign Agricultural Ties

*OW2111081291 Beijing XINHUA in English
0757 GMT 21 Nov 91*

[Text] Beijing, November 21 (XINHUA)—China has established ties of agricultural cooperation with more than 100 countries and regions.

The exchange of high quality seeds has helped China improve its traditional agricultural varieties and farming administration. In the past decade China has exported over 17,000 and imported 70,000 fine varieties of seeds.

China-developed hybrid rice, the first agricultural patent product having been exported, has been introduced to over 20 countries since 1980, and a high-yield hybrid maize which produces 16,440 kilograms per hectare is well-sought by Japanese farmers.

The country has also introduced fine breeds of livestock to improve supplies of meats, eggs, milk and fish.

In addition, China has used over 5 billion U.S. dollars of foreign funds from the World Bank, the World Food Program, European Community, the food and agriculture organization of the United Nations, and the Asian Development Bank in the aim to step up agricultural development.

Advanced farming technologies have also been imported to China.

Farming Population Declines

*OW3110182591 Beijing XINHUA in English
1318 GMT 31 Oct 91*

[Text] Beijing, October 31 (XINHUA)—One decade ago, nearly two out of three Chinese were farmers. Now one out of two are farmers, and researchers predict that in another decade only one out of three Chinese will be working in the fields.

The change all began 12 years ago when the household contract responsibility system, the first reform measure enforced in China's vast rural areas, started to free millions of farmers from the fields and gave birth to rural industries as well as new towns and cities.

The rural economic reforms have greatly increased rural labor productivity, making millions of laborers redundant, and the mushrooming of township enterprises has provided a good opportunity for the surplus labor to engage in nonagricultural activities.

Both officials and researchers in China agree that this trend is propelling China into rapid urbanization and changing it from a traditionally agricultural country into an industrial nation.

Statistics from the Ministry of Agriculture show that nearly 120 million farmers have left the fields since the economic reforms began. Most of them have moved into rural industries. Others started their own private businesses and still others have gone to the cities as construction workers or housemaids.

By the end of the first half of this year about 92 million surplus rural laborers had found jobs in township and village enterprises.

In southwest China's populous Sichuan Province alone, which pioneered the rural reforms, more than 14 million farmers have been recruited by local rural industries.

Government figures show that in 1990 the farming population in China accounted for only 53 percent of China's total population.

Despite the drop in the farming population, China's total agricultural output value has been on the increase. Total grain harvests have also enjoyed increases over the years and reached record highs in 1990.

Officials at the Ministry of Agriculture said that such a change has only been possible because of the reforms, which brought into better play the farmers' initiatives and enabled greater use of machines in farming.

According to the State Statistics Bureau, by 1990 China had farm machines exceeding 287 billion watts. The number of large- and medium-size tractors had increased by more than 1,590 times and 620 times, respectively, compared with the figures in 1952. In some parts of the country, almost all the work, from ploughing to harvesting and transportation, is done by machines.

Meng Jiming, an agricultural engineering expert from the Shenyang Agricultural University, said that the decrease in farming population is a trend reminiscent of what happened in the past in all the industrial nations of the world.

Meng said that, with increases in productivity, more farmers will move into other sectors or go to work in towns and cities. He predicted that the flow of labor will speed up.

Another researcher, a doctoral student in urban economics at the Northeast Finance University, predicted that by the end of this century the farming population in China will further drop to 32 percent of the total population.

As a consequence, China's cities and towns are swelling. In addition, the number of cities has grown to 467 so far, about 100 more than 12 years ago. And local governments continue to apply to the central authorities to recognise more cities in order to win government funds for urban construction.

According to an urban development blueprint worked out by the Ministry of Construction, the number of cities will increase to 645 by the year 2000.

The ministry has reported that at present more than 10,000 towns scattered throughout the country are on the way to becoming small cities.

Rural industry now generates some 700 billion yuan in annual output value, about one-third of China's gross national product. Last year this sector contributed 15.65 billion yuan to towns and cities in construction funds.

Shandong Province's Cultivated Fishery Booms

*OW2011093291 Beijing XINHUA in English
0858 GMT 20 Nov 91*

[Text] Beijing, November 20 (XINHUA)—Rongcheng City in east China's Shandong Province has developed a seashore fish cultivating area of 1 million mu (about 67,000 ha), whose cultivated output has taken up 44 percent of the local fishing product, according to today's PEOPLE'S DAILY.

Initiated in the early 1980s, the cultivated area is worked by over 300 fisheries. They put out 11,728 tons of seafood from January to August, 94.8 percent more than the same period last year.

To promote local cultivated fishery, the municipal government encourages seashore counties to extend production scale and designates sea areas for the inland counties to set up fisheries.

In carrying out its fishery plan with an emphasis on cultivating, the city has invested more than 100 million yuan (about 19 million U.S. dollars) to establish cultivating technical schools.

While three aquatic research institutes are being built in the city, experimenting rooms have been set up in all fishing units. The city has worked out and popularized over 20 techniques in recent years.

Beef Processing Plant Built With World Bank Loans

*SK2111034891 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 20 Nov 91*

[Text] On 20 November an opening ceremony was held for the Yushu City Export Beef Processing Plant. Wang Zhongyu, governor of the province; Feng Ximing, Standing Committee member of the provincial party committee and secretary of the Changchun City party committee; and Mi Fengjun, mayor of Changchun City, cut the ribbon.

Beginning construction last September, the Yushu City Export Beef Processing Plant is the leading enterprise of the Yushu City beef production base, and it is the first project in the city built with World Bank loans. This plant is able to improve breeds and develop feed. It can raise and process cattle scientifically, and it has cold storage facilities. Adhering to the principles of making the city prosperous, benefiting the people, and creating profits and taxes for financial departments, this plant procures cattle from peasants and sell processed beef to customers by contacts, with the prices being decided by market demand.

Qinghai Province Improves Animal Husbandry

*OW2011014791 Beijing XINHUA in English
0121 GMT 20 Nov 91*

[Text] Xining, November 20 (XINHUA)—Animal husbandry in northwest China's Qinghai Province has undergone dramatic changes due to sustained large-scale construction of grasslands.

Peng Liming, deputy director of the provincial Department of Animal Husbandry, said recently that traditional nomadic methods are fast being replaced on the Qinghai highlands.

Peng said that Qinghai, one of the country's five major pastoral areas, now has some 34 million ha [hectares] of grasslands and more than 20 million domesticated animals.

He pointed out, however, that climatic conditions in the province are more harsh than in most areas of the country. According to Peng, the average elevation in Qinghai is 3,000 m [meters] above sea level. Since the province sits at such a high elevation, it encounters frequently serious natural disasters, including heavy snow and droughts, which hamper the normal growth of grasses and sometimes kills the animals.

During decades of research and practice, local experts developed a series of methods for grasslands development in the cold and harsh highlands. Between 1986 to 1990, the state invested over 66.18 million yuan and herdsmen invested over 41.27 million yuan to improve the conditions of animal husbandry.

With these funds, the province has built more barns and fenced farms to improve the conditions for livestock. The official said about half of the herdsmen have settled down on the livestock farms.

Peng said that due to those efforts animal production has remained stable, and the province has recorded successive bumper harvests since 1988, in spite of having faced numerous disasters.

Crackdown on New Crime—Car Theft

*HK3110013491 Beijing CHINA DAILY in English
31 Oct 91 p 1*

[Article by staff reporter: "Crackdown on Car Theft Is Launched"]

[Text] The government has decided to launch a nationwide crackdown on car theft—a new crime which has caused widespread concern across China.

In a joint circular recently published by the State Administration for Industry and Commerce (SAIC) and the Ministry of Public Security, the government also vowed to regulate the automobile business.

According to the circular, no company or government institution is allowed to go into the car business without approval from SAIC and the State Planning Commission.

The circular urged local governments to inspect companies in the vehicle business. Those found dealing in smuggled or stolen vehicles will be fined, and the vehicles and illegal profit confiscated.

An official from the Ministry of Public Security said that in recent years car theft has become a serious problem, with a sharp increase in the number of cases in big and medium-sized cities. Official figures show that more than 2,000 vehicles were stolen in China last year, more than half of them from big cities.

The ministry official said that in the past criminals stole vehicles just to use them as tools for committing other crimes, but now they steal cars just for profit.

In recent years, cases of smuggled cars have been found in China's markets. An official from the General Administration of Customs disclosed that some of the vehicles are taken into the mainland after being disassembled, since it is easier for smugglers to traffick car components.

However, the official said that Chinese customs officers and police have already been alerted to the problem and have stepped up their efforts to block the business.

Recently 12 cars, disassembled and packed into crates, were captured in Tianjin port.

Meanwhile, the circular said that some garages, where stolen mobiles might be disassembled and sold as spares, will also be inspected.

Poor Students Return to School With Help of Fund

*OW3010223291 Beijing XINHUA in English
1552 GMT 30 Oct 91*

[Text] Beijing, October 30 (XINHUA)—Thanks to the "China Hope Project," over 30,000 students have returned to school in the past two years after having dropped out because of financial difficulties.

According to an official from the China Youth Development Foundation, the goal of the "China Hope Project," a national relief program which was initiated two years ago, is to aid students in China's underdeveloped areas.

The official said that the "China Hope Project" fund has received donations of over 11 million yuan during the past two years, of which four million yuan has been used to help 20,000 poor students in 139 counties return to school.

In addition, some 610,000 yuan has been used to help nine provinces and autonomous regions establish local "project hope" funds.

At present, over one million students in China quit school each year. According to the official, the "China Hope Project" will be introduced in 23 provinces and autonomous regions during the Eighth Five-Year Plan period (1991-1995).

More Graduates To Be Assigned to Enterprises

*OW1011132991 Beijing XINHUA in English
1236 GMT 10 Nov 91*

[Text] Beijing, November 10 (XINHUA)—China's State Education Commission has decided that more graduates from universities and colleges will be assigned to major state-run enterprises next year, a commission official said recently.

In tandem with the development of the economy, the state-run enterprises urgently need professional experts, according to the official.

More than 600,000 students will graduate from universities, colleges and other tertiary-level institutes next year.

This year some 59,346 graduates have been assigned to industrial units, covering power resources, transportation, telecommunications, raw materials and the defense industry. The figure represents an increase of 8.19 percent over last year.

Western Culture Influences High School Students

*91CM0554A Shanghai SHEHUI [SOCIETY]
in Chinese No 78, 20 Jul 91 pp 23-25*

[Article by He Jiakeng (0149 1367 6972): "Effects of Nonmainstream Superficial Culture on High School Students"]

[Excerpts] [passage omitted] Western bourgeois culture that found its way into China after the country opened up to the outside world has combined with unhealthy social trends to steer superficial culture from the mainstream and hurt the moral education of high school students, as demonstrated in the following ways:

1. Confused values have led some high school students to pursue the wrong objectives.

Today's high school students were born in the latter half of the Cultural Revolution. They are the beneficiaries of the prosperity and development brought about by reform and the open policy but are also seemingly confronted with numerous undesirable social realities. What is most bewildering to these students is that some young people land enviable jobs not because of their good character and scholarship but because of all sorts of connections. In contrast, because of "unfair distribution," "knowledge devaluation," and the fact that "mental labor commands lower wages than physical labor," many experts and scholars devoted to their vocation who have studied long and hard for decades are still living in poverty. This has convinced some students that it is useless to get an education and that it is much more practical to muddle through for the sake of the diploma and then find work to make some money. As a result, they have no ideals. According to studies, most high school students with lofty ideals come from demanding families, attend schools with a high standard of teaching and a fine school spirit, and do well academically. Take the two high schools in a provincial capital, for instance. One is a nonpriority school in the commercial district. There are 52 students in the freshman class, of whom 45, or 86.54 percent, said they would just "muddle through till they get their diploma and then find a way to make money." Five students, or 9.61 percent, said they did "not want to finish school." Only two, or 3.85 percent, expressed a desire to "attend college and accomplish something in the reconstruction of the fatherland." The other school is a priority high school in the cultural area. Of the 54 students in the freshman class, 32, or 59.26 percent, said they would attend college and accomplish something in the reconstruction of the fatherland. Fourteen students, or 25.93 percent, expressed a desire to "enroll in a popular field at a technical secondary school and find work locally." Eight students, or 14.81 percent, said they would "wait and see; if they are not admitted to college, they would take a job." This by and large sums up the values of high school students today. It is clear that when students pursue material gains, they would inevitably deviate from the correct objectives.

2. Influenced by superficial nonmainstream culture from outside, high school students have become consumption-oriented in their daily life.

Among the popular consumption practices these days are the following: 1) Sending cards on holidays. This is not a bad thing in itself; indeed it helps convey friendly feelings and strengthen friendship. The trouble is that it can get expensive. What is considered a decent greeting card nowadays invariably costs more than 1 yuan, with better ones costing several yuan. In urban areas, high school students send a greeting card to a number of teaches and several classmates every holiday. (Some send calendars for the New Year) which costs anything from a dozen yuan to dozens of yuan. 2) Celebrating birthday. It used to be that only the birthdays of elderly people were celebrated. Along came the Western habit of

eating birthday cake, lighting the same number of candles as one's age on the cake, and singing "Happy Birthday." Now it is commonplace for high school students (and even elementary school students) to celebrate their birthday or one another's birthday. Usually the birthday boy or girl's closest classmates send him or her a small gift. The latter invites them to eat the cake, drink, and listen to music. It costs 100 yuan or so to celebrate a birthday, mostly to pay for the little trinkets and food and beverages. The more "fashionable" or well-heeled students even invite their classmates to a cafe, which will set them back over 100 yuan. I am not suggesting that celebrating one's birthday is a bad thing. The point is that the way a high school student celebrates his birthday, much-publicized and much-heralded, costs far more than his wage-earning parents can afford economically. Without the proper guidance, these birthday practices can only become more and more burdensome. 3) Holiday get-togethers. In the past, students hit the books or crammed homework feverishly on holidays. Nowadays some urban high school students spend their holidays care-free get-togethers. They hang around in groups, discussing the "antiquated" ideas of their teachers and parents, trading experiences and interests, listening to music, playing poker, going on excursions, and window-shopping. When get-togethers proliferate unchecked, it clearly hurt their studies. 4) Boys smoke and girls dress up. Smoking is considered "classy" and "macho" among some male students. Of the 24 male students in the freshman class in the nonpriority high school mentioned above, 19 admitted that they had smoked before and three were known as "chimnies." After school these students often hide in a remote spot to satisfy their craving. Already their hands were discolored by smoke and they reeked of cigarettes from a distance. Of the 29 male students in the freshman class at the priority high school, 11 admitted that they had helped themselves to their parents' cigarettes a couple of times. Parents turn a blind eye to their children's smoking habit. As for the teachers, it is a case of "out of sight, out of mind." Since they cannot catch everybody, they end up doing nothing. The students who smoke, on the other hand, are full of indignation. If parents, principals, and teachers can smoke, they reason, why can't they? They cannot figure out why they are treated like criminals if they smoke, when college students, just two years older, are allowed to smoke. As for girl students, they are obsessed with dressing up and prettifying themselves. A parent had this to say about her daughter: "I don't know what to do about her. She gets up in the morning and spends half an hour in front of the mirror, trying one outfit after another. We didn't do that when we were students." 5) Play video games. These days TV-equipped households can play video games at home simply by buying 300 to 400 yuan worth of electronic parts. Many families in opened cities make such purchases as an "intellectual investment" or as an incentive to encourage their children to study. For some high school students, playing video games has become an obsession. Some students who do not have the hardware at home frequent video arcades. To meet their demand, a host of video

arcades has sprung up right next to a nonpriority high school. A number of students from the school spend so much time in the arcades that they forget all about classes. Money intended to pay for tuition or sundry expenses ends up in the hands of the arcades. Needless to say, there are also some students who are addicted to playing billiards on the street. Billiards is actually a high-cost indoor sport. It costs 30 yuan to play a round of billiards at the Yifada Hotel in Fuzhou. Some high-class hotels charge a downright shocking amount of money for the same privilege. As for the cruder variety of billiards played on the street, it is often accompanied by gambling. While the bets are small, the students are already mired in it.

3. The negative influence of movies and television of the nonmainstream superficial culture

As movie-making assumed responsibility for its own profits and losses in recent years, box office receipts have become a limiting factor in movie production. Most movie-goers are young people, thus their tastes are something that movie directors must consider carefully. In addition, there has been an influx of overseas films after the country was opened up to the outside world. Nonmainstream movies, that is, so-called "entertainment movies," account for over three-quarters of all movies. Among them are kung-fu movies, cops-and-robbers movies, and movies depicting life, many of them replete with violence and sex. Even swordplay dramas, whose theme is "justice," usually feature characters who drink uncontrollably and fight and kill wantonly, who in the end simply walk away from the death and destruction they have wrought. Clearly, these movies have a negative effect on high school students in their puberty who are inexperienced in the ways of the world and lack a sense of legality.

As for television, it has become so pervasive that it can be found in myriad households. High school students in urban areas, in particular, have been bombarded by television since they developed reasoning power. These days people in provincial capitals and other cities can watch five shows—central, provincial, and municipal—each day. If you include educational programs on wired television or central television at the district level or units, one can watch at least six shows every day. Apart from newscasts and special-topic discussions, it is prime-time shows such as drama, overseas movies, and variety shows which have the most powerful effects on high school students. Essentially what these shows offer is nonmainstream superficial culture. This is particularly true for TV dramas from Hong Kong and Taiwan, which are crudely made and immoral in tone. They feature either senseless and wanton killings or romantic and steamy scenes. Even the "eight fairies" in Taoist mythology are portrayed as being entangled in a "love triangle." Some Chinese-made television dramas have followed suit. A period drama based on "Liaozhai" with its ghosts and goblins also took the nudist tack. How can high school students not be hurt? A high school student cut the elbow of a classmate sitting at the adjoining desk

with a pencil knife just because he crossed a previously drawn boundary. "To vent my spleen," the student said. A female student jumped from the second floor over a minor blemish in her looks; some boys had called her "big-mouthed."

Also worrisome are television commercials, peaking in prime-time. Some commercials offer lottery prizes to put consumers in a "get lucky" frame of mind. For instance, by buying two boxes of Balishi enzyme-added laundry detergent, you may enter a lucky draw with a chance to win such prizes as a 29-inch imported color TV set, a camcorder, a gold ring, or a fine souvenir. Buy "Tianmei" cosmetics, and you stand a chance to win a gold necklace. Spend 200 yuan or more within a day at Yifada Restaurant, and you may win a 10-day trip to Hong Kong worth 10,000 yuan. Lucky draws that directly target elementary and high school students include the one promoted by Shenzhen-made "Jiajiale" snack food. Inside each packet is a lottery ticket. The winner will win an all-expense-paid trip to Hong Kong. Another offer is made by Yongtai Company in Fujian, maker of "Duona" shrimp cake and "Dingdong" chocolate. Inside each bag is a pretty wind-driven top. A couple of kids sing, "You can eat it and you can play with it. Hurry, kids, come try it!" Thus many primary school students are tempted to try their luck while satisfying their appetite for food at the same time. This is how high school students become addicted to consumption. It is clear that when the gap between a student's desire for consumption and his consumption power widens, he will gradually go astray as he seeks gratification. In the process he develops a mentality of getting something for nothing and hoping to hit the jackpot. As we all know, gambling is the concentrated expression of the desire to reap without sowing, to win something through luck. And buy-and-win-a-lottery is popularized gambling. Today TV commercials are tempting elementary and high school students with a blitz of lucky draws. According to a survey by this writer, urban high school students spend almost one hour watching TV each day, primarily prime-time shows. So it is not difficult to appreciate the seriousness of the negative effects. High school students these days believe that their fate is predetermined in the horoscope (imported foreign superstition) or written on their palms (home-grown superstition) to a far greater extent than middle-aged people, whose thinking they denounce as "rigid." It is not uncommon to find high school students reading one another's palms or interpreting dreams during class.

Most worrisome are the "beauty pageants" organized by some TV stations. Putting the rich vocabulary of the Han language to good use, they call such pageants "star searches." But it is clear to all that the name is merely a smoke-screen. The program of a "star search" tells it all:

The "star," in jeans and sneakers, shows off his or her looks and sense of rhythm to the beat of disco music...

The "star" stages a product demonstration to demonstrate his flair for advertising...

The "star" puts on a new-style swimsuit to fully reveal his or her physical beauty...

The "star" puts on a suit or a silk sequined high-cut qipao to demonstrate his or her poise, grace, and elegance...

The "star" puts on a tailcoat or bridal gown to demonstrate his or her dashing manner and youthful charm.

This three-month-long event attracted 7,000 entrants, men and women. About 3,000 were honored with an interview, out of whom 50 semi-finalists were selected. These 50 men and women were put up at Huayuan Hotel, a five-star establishment, for a month. During this period, they were coached in deportment and dancing by experts specially hired by pageant organizers. Determined to give the event a "red" touch, the organizers ingeniously arranged for them to have informal discussions with retired elderly cadres and to meet with naval servicemen. Of the 20 women and 10 men in the semi-final, four (three women, one man) are still in college, one (a woman) is a high school student, one (a woman) is attending a technical secondary school, and one (a man) is a teacher. You can easily work out the proportion of the original 7,000 applicants who are college or high school students. They took a leave from their studies to take part in the contest. The negative effects are obvious. Images of the elegant clothing, the glittering crown, teary smiles, and the thunderous applause were all transmitted to millions of high school students by television, tempting an entire generation still inexperienced in the ways of the world. [passage omitted]

4. The negative impact of books and magazines of the nonmainstream and even anti-mainstream superficial culture

Reading is a major pastime for high school students bursting with an appetite for new knowledge. During the early part of the past decade, some books and magazines appeared that were scientific, intellectual, and entertaining all at once. Also appearing at the time were books that helped students review what they had learned. These publications filled a void in our reading matter and have proved very useful to young people. After the publishing sector was made accountable for its own profits and losses, the profit margin became its new bottom line. So it started publishing "review outlines," "reflection novels," "pornographic novels," "swordplay novels," and "romance novels" indiscriminately, poisoning the minds of high school students who can hardly tell the good from the bad. When it comes to buying books from the book stalls that line the streets, money is no object. The students buy books and swap them among themselves in private. They read ravenously and discuss them with less than complete understanding. Clearly this does not do their physical or mental health any good. Many a student has been ruined academically by unwholesome reading matter. As many as 80 percent of juveniles are involved in sex crimes. [passage omitted]

Chinese Social Value System in Transition

91CM0532A Shanghai SHEHUI [SOCIETY]
in Chinese No 78, 20 Jul 91 pp 13-18

[Article by Shi Xiuyin (4258 4423 0603): "Signs of Evolution of Chinese Values Since the Late 1970's"]

[Text] Since the 1970's, as reform has progressed, the values of the members of Chinese society have undergone a relatively great change. Searching for "signs" of this change, understanding the fundamental laws governing this change, understanding the interaction between this change and social development, and forecasting future trends is of undeniable significance to both theory and practice. This article recapitulates and explores the major trends in these changes over the last 10 or more years.

I. Ultimate Values

Ultimate values are the value judgments and choices made by an individual regarding his or her behavioral objectives. These objectives are the needs which an individual seeks to satisfy, and ultimate values enable the objectives which have been selected to more effectively satisfy needs. They are a product of interaction between needs and the social environment.

1. The Group and the Individual

In handling the relationship between the group (including society, the state, the collective, and other people) and the individual, the tendency in the 1950's and 1960's was to place greater importance upon the group and less on the individual. Typical phrases of the time included "any affair of the state, no matter how small, is a big affair; any individual affair, no matter how big, is a small affair," and "the purpose of life is to make life better for others."

Group-oriented behavior did not achieve the anticipated results, however. The emphasis upon being "big and collective" led to economic stagnation; widespread scandals about selfish behavior during the Cultural Revolution came to light; and problems with employment, everyday living, and housing could not be resolved promptly. For these reasons, and because of the development of the commodity economy, after the late 1970's concepts underwent a relatively big change, which was demonstrated in the following ways:

1) The proportion of people attaching importance to the state, the collective, and others has declined.

In the people's scale of values, the importance of the state, the collective, and other people has greatly declined since the late 1970's and early 1980's. Some slogans which stress these objective interests have met with negation and even criticism. In the mid-1980's, people again began feeling more concern for the group, but it never reached the level of the 1950's and 1960's. Furthermore, the number of people with concern for the interests of the state has been the greatest, and the

number who feel concern for the collective is next, while the fewest are concerned about others. A study of urban attitudes in July 1983 indicated that in answer to the question "How should a person live his life?", only 22.58 percent of the informants agreed with the response that "one should give one's all for the fatherland and the revolution," 64.89 percent chose responses (four in all) related to their private interests, and 9.71 selected such responses as "go with the flow" or "do not know." Some of the results are listed here:

A total of 83.7 percent agreed that they would be concerned with the country no matter how low their position; 58.7 percent agreed and 38.6 percent disagreed with the statement that any private affair, no matter how big, is a small thing, while any affair of the state, no matter how small, is a big thing; 71.00 percent agreed and 24.5 percent disagreed with the statement that when the big river has no water, the little rivers run dry; 56.4 percent agreed and 43.7 percent disagreed with the statement that people who worry only about themselves are ignoble, and that only those who care about others are quality human beings.

2) The number of people in favor of looking out for oneself and the public good at the same time has increased.

Many people have switched from advocating "total dedication to the public good" in favor of "looking out for oneself and the public good at the same time," "first the public good, then yourself," or "first yourself, then the public good."

According to a 1988 study, when asked the question "What do you feel is human nature?", people selected the following responses: people care about others (16.59 percent); some care only about themselves, some care about others (22.68 percent); people try to help others as well as themselves (39.18 percent); people only care about themselves (15.15 percent); people harm others for their own benefit (4.83 percent).

3) A sharply increasing number of people agree with the idea that "when one works subjectively for one's own benefit, the objective impact of his actions is beneficial to others."

In 1980, CHINA YOUTH NEWS published an article by someone going by the name of Pan Xiao [3382 2556]. The title was "Why Does the Road of Life Grow Narrower the Farther I Travel Along It?" He argues that "when one works subjectively for one's own benefit, the objective impact of one's actions is beneficial to others." This touched off debate of unprecedented breadth, and his concept came to be accepted by about half of the people. According to the aforementioned nine-province study, 55.9 percent of the people agreed with this concept in 1988, while 47.9 percent agreed with it in 1990.

4) The number of people who feel one should only look out for oneself has increased.

The idea of "seeking to further individual interests" was regarded as shameful in the 1950's and 1960's, but in the 1980's more and more people sought acknowledgment of individual interests, and they hoped to better their own interests as long as it caused no harm to others. Some people also showed a tendency to "ignore others and only look out for themselves," and even to stop at nothing in order to maximize their own interests. This tendency grew stronger in the late 1970's and early 1980's, reached a peak in the mid-1980's, and weakened a little bit in the late 1980's. According to a July 1983 urban study, 42.40 percent of all informants felt that the statement "if you do not look out for yourself, you will be castigated by heaven and annihilated by earth" was "very true" or "fairly true." The nine-province study also indicated that 38.4 percent of the informants in 1988 agreed with this same statement, and 58.9 percent disagreed; in 1990 27.1 percent agreed, and 67.6 percent disagreed with it.

5) The number who actually work to benefit the group has declined.

In the late 1970's and early 1980's, actual behavior aimed at benefitting the group declined sharply, and the percentage of people involved in such behavior who actually cared about the group also declined somewhat. Thus it was that the alarmed cry "Lei Feng is missing!" circulated for a time. By the late 1980's, behavior aimed at benefitting the group had increased somewhat, but it still was not comparable with the situation in the 1950's and 1960's. According to a study in Shanghai, the frequency with which people exhibit expectations (such as giving up a bus seat, giving people directions, taking part in disaster rescue and donation activities organized by the district or the work unit, reporting illegal activities, etc.) stands at 1.630 on a scale of 0 to 3 (0—never do it; 1—seldom do it; 2—sometimes do it; 3—always do it), while the frequency of conscious behavior (such as volunteering to sweep the street, picking up trash, helping senior citizens across the street, helping blind people navigate their way, etc.) stands at 0.5493.

It was habitual in the past to believe that people within Western cultures attach relatively great importance to the individual, while people in Oriental cultures attach greater importance to the group and that the members of Chinese society were thus group-oriented. Perhaps this was the case in the past, but this is not totally true anymore. A comparative study of values among youth in 11 different countries asked the views of informants regarding the statement "absolutely everyone must not only consider his own affairs but must also consider the major affairs of society." In China, 40.0 percent of all informants chose the response "the most important thing is to fulfill yourself," while 47.9 percent chose the response "this alone is not enough; you must also make a contribution to society." In the United States, the corresponding percentages were 45.4 and 53.1 percent. The percentage of responses indicating that one would "take the initiative to help someone in need of directions on the street" was highest in the United States and

lowest in China. This would seem to indicate that the tendency toward individualism is developing too quickly and too far in China. This has already had and will continue to have a negative impact upon social development. For example, it has broken down existing social norms and led to interpersonal conflict and a breakdown of order, and it will force a greater expenditure of social resources in order to bring people's initiative into play, thereby affecting efforts to build a strong and prosperous nation. This weakens group cohesiveness and heightens the barriers between people.

2. The Long-Term and the Present

During the 1950's and 1960's, the behavioral objectives of the members of Chinese society were marked by a relatively strong long-term focus, while short-term living conditions and enjoyment were not so important and were even regarded as concerns of the bourgeois life style and thus not worthy of anyone's attention. Popular slogans at the time included "surpass England and catch up with the United States in 15 years," "modernize agriculture, industry, national defense, and science and technology by the end of the century," and "keep the socialist land safe forever."

In the late 1970's, a number of factors combined to cause people's orientation toward long-term interests begin disappearing, including the destruction wrought by the "revolutionary idealism" of the Cultural Revolution, the waste of enthusiasm for the pursuit of long-term interests, and relatively little improvement in living conditions after a long period of struggle. People's fields of vision gradually contracted, and a tendency to seek tangible interests and happiness in the here and now quietly took hold. Visible, palpable interests and short-term utility took on importance. Other topics of conversation came into fashion: "a better job assignment, higher wages, higher bonuses, greater benefits, and a more comfortable family."

In the 1980's, the tendency to stress tangible interests and ignore long-term ones continued to spread into all aspects of life. In the production sector, impatience for notoriety and profits, short-term behavior, the plundering of enterprises by management, killing the goose to get at the golden eggs, and other such behavior has become rampant. With regard to distribution, people have been placing greater stress on individual income and ignoring the future development of the group. Some production units have squandered all their assets while neglecting equipment and ignoring the need to upgrade technology. In economic life, people are concerning themselves more with their current standard of living, cannot tolerate short-term sacrifices, and are unwilling to postpone satisfaction. In marriage and family life, people are more concerned about love and the enjoyment of life, and they tend to think less about long-term issues.

Attaching importance to the here and now helps people appreciate life and fulfill themselves; it helps them to go

about solving problems in a pragmatic manner, but it has some relatively serious side effects:

1) This change in the attitudes of the members of Chinese society originated in the negation of some ideals and the loss of some beliefs. This has made it more difficult to establish new ideals. In speaking of communism, some people say, "Even if it can be achieved, am I going to see it?"

2) People's fields of vision have shrunk too rapidly and short-term behavior is cropping up everywhere, affecting the long-term development of society.

3) The members of Chinese society have historically tended to attach more importance to righteousness and less to interests, regarding seekers of righteousness as quality human beings and seekers of interests as ignoble. This continued to be the tendency in the 1950's and 1960's, witness such phrases as: "I am not in it for fame or fortune, just happy to serve as an ox for the people," "fight to be a model worker, fight for the red flag, do not ask for the material incentives of revisionism," and "beware, lest the red flag fall to the ground even as a satellite soars into space." The relationship between righteousness and interests was pushed to an extreme during the Cultural Revolution, when the representative phrase was "I would rather eat the toughest socialist weed than the most tender capitalist shoots."

When the pendulum reaches an extreme, it inevitably swings back. The 10-year search for "righteousness" yielded little, and in fact "interests" were harmed. The more one sacrificed oneself for the sake of "righteousness," the more one's "interests" suffered. This caused people to doubt the value of "righteousness" and to reconsider the meaning of "interests." The introduction of other lifestyles from abroad made people attach even more importance to "interests," and the development of the commodity economy enabled people to understand the importance of the profit motive. For this reason, the scale in people's minds gradually began to tilt away from "righteousness" toward "interests."

The tendency to attach importance to "interests" is accompanied by two main characteristics. The first is the demand that society acknowledge the reasonableness of seeking profit, thereby including "interests" within the concept of "righteousness." The second is the hope of obtaining more social resources. The tendency to downplay the importance of "righteousness" is accompanied by three main characteristics. The first is contempt for and negation of traditional ethical strictures. The second is the weakening of the sense of social responsibility and a lessened concern for the interests of others. The third is the flouting of morality and laws and a lack of shame. These characteristics are demonstrated in many ways "in accordance with local conditions," and they have permeated all sectors of society:

—Some company units in the military have made it known that as long as the propriety of various practical concerns, such as looking out for one's future and job

prospects, is acknowledged in the course of ethics education, the soldiers easily accept the course content. If one only stresses "self-sacrifice," many people will become disgusted.

- The nine-province study of 1988 revealed that in choosing work, the most important consideration for 42.9 percent of the people is "a high salary." The most important motive for doing work for 55.1 percent of the people is "to make money." After working hard, "the most desirable compensation" (given a choice between praise, increased income, promotion, time off to study, vacation, choice of a new job, ability to solve some worrisome problem) is "increased income."
- In 1984, a trading company in Wuhan purchased 32 automobiles from Changchun Automobile Factory No. 1 at 18,340 yuan each. Within two or three months the vehicles had exchanged hands five times and the price had risen to 37,500 yuan. Such happenings are commonplace.
- In key middle and elementary schools there are "premium tuition students." In the universities, engaging in commercial ventures had been the rage among students for a time. In hospitals, "bonuses" are common. In theater troupes, famous actors leave their troupes and make big money by "going solo." In newspapers, there are "paid news stories." In stores, repeated efforts to stamp out counterfeit "name brand products" have met with failure...

Interests are an important lever for social development. It is completely correct to attach importance to interests. However, this change among the members of our society seems to have occurred too fast. The search for interests has been pursued with too much intensity, and the moral (and especially legal) concepts which would restrain this pursuit are too weak. To a certain extent, this has caused individual behavior to go out of control, leading to social chaos.

II. Instrument Values

Instrument values are an individual's value judgment and selection of the methods, means, and instruments by which one achieves one's objectives. They are subordinate to needs and ultimate values, and they assure the practicality and efficacy of the "instruments" chosen by the individual as he seeks to achieve his objectives and satisfy his needs. As needs, ultimate values, and the social environment have changed, the instrument values of the members of Chinese society have also changed.

1. Concepts of Knowledge

In the 1950's and 1960's, knowledge was accorded a certain degree of importance in China. A slogan of the time was "communism is paradise, you cannot get there without culture." However, knowledge took a back seat to "revolutionary spirit." Another slogan of the time was "you can produce as much as you dare." The position of intellectuals—the main vehicle of knowledge—was

lower than that of knowledge itself. It was thought during the Cultural Revolution that "the more knowledge you have, the more reactionary you are." The Cultural Revolution was a time when knowledge was held in contempt, and the idea that "studying is useless" held great sway.

By the late 1970's, people realized the harmful impact of contempt for knowledge and of attacks upon individuals. They had also become aware of the benefits reaped by developed countries as a result of their cultivation of knowledge and personnel. At the same time, the focus of national strategy had shifted toward economic reconstruction, so China began to attach importance to knowledge and personnel.

In the 1980's, the instrument value of knowledge continually grew, but the fate of knowledge itself varied depending on individuals and times. The basic trend has been as follows: Importance has been attached to any knowledge that is immediately useful, while any knowledge regarded as unneeded, particularly if not needed immediately, has been ignored. In the production sector and in work units, many people have attached great importance to knowledge, while in places where knowledge is acquired—elementary schools, middle schools, and universities—many people have attached little importance to knowledge; some have sung the praises of knowledge as "the path to riches," while others have restated the idea that "knowledge is useless." These two tendencies are existing and developing side by side and are having an impact upon each other.

1) Practical technology is accorded importance in the countryside.

During the communal rice bowl period, basically no one in the countryside cared about knowledge, which was left to the brigade leader to worry about. After the implementation of the contract responsibility system, "every family contracted for responsibility fields, and every household needed a technician." In only the first two or three years of the 1980's, Anhui province (where reform began relatively early on) held more than 10,000 agricultural technology classes in which more than 5.6 million people participated, and more than 10 million participants took part in meetings held by more than 700 agricultural technology reporting teams. After township enterprises arose and began hiring urban technical personnel at high wages, workers and staff also began to attach importance to the acquisition of knowledge. In the late 1980's, people discovered that there was more money to be made in commercial and industrial activities than in the fields, so they began attaching less importance to agricultural technology.

2) Government organs and enterprises attach importance to basic knowledge.

In the cities, as reforms have progressed, a linkage has begun to appear between diplomas and the hiring of workers and cadres, promotions, salary increases, and housing allocation. There is a connection between

knowledge and diplomas. For this reason, related basic knowledge is being accorded importance. Beginning in the late 1970's and early 1980's, the universities, self-study for higher education placement tests, television universities, professional colleges, vocational schools, night universities, correspondence universities, and cultural cram courses all became wildly popular. Nighttime rush hour on the busses occurred in many cities. In the July 1983 study of urban attitudes, "development of intellect and knowledge" ranked (at 59.96 percent) as the most important of eight items in the minds of workers and staff. The linkage between diplomas and such issues as hiring and promotions weakened in the late 1980's, and the popularity of learning also declined. In a 1989 study conducted in Shashi, "knowledge and capability" ranked only sixth in importance (out of 15 items) to citizens there, and 35.23 percent of the informants felt that "studying is useless" and that they "did not care one way or the other" whether they studied.

3) The value of knowledge in schools is declining.

In schools at every level in the late 1970's and early 1980's, with the introduction of the slogan "respect learning, respect personnel," "developing one's talent" became the goal for which students strived, and learning became very popular. A study carried out at 42 institutions of higher learning in Hubei, "learning" ranked top (54.2 percent) among 10 items in importance to students, the hope that one's child would "acquire knowledge" ranked number one (56.5 percent) among seven items for parents, and the hope that after graduation one's child would "test into graduate school" also ranked number one (61.7 percent) among parents. In the latter 1980's, pursuit of utility gradually strengthened, and the means for achieving utility grew more diverse due to the development of reform. Compensation for intellectual labor fell farther behind compensation for physical labor, which caused the popularity of learning to gradually decline. Contempt for learning spread continuously. According to statistics from Shanghai Municipality, the number of students testing for admission to graduate school in 1988 was 883 fewer than in 1987 and 4400 fewer than in 1986. In 35 universities, 386 students dropped out in 1988, twice as many as in 1987.

In short, the value of knowledge generally increased after the late 1970's, but the idea that "studying is useless" reappeared in the late 1980's and became a problem deserving attention.

2. Interpersonal Relationships

In the 1950's and 1960's, interpersonal relationships were regarded as part of ultimate values. Everyone hoped to cultivate good relationships with others (except for "class enemies"), experience intimate affection, and behave in an altruistic manner. However, this sort of relationship was damaged in the dog-eat-dog atmosphere of the Cultural Revolution, resulting in a rapid distancing between people and a suppression of true affection.

After the Cultural Revolution came to an end, people began to seek the interpersonal affection that had been lost and to search again for a social life rich in human emotion. However, the wounds were too deep; the level of intimacy found in the 1950's could not be achieved.

After the late 1970's and early 1980's, the value of interpersonal relationships as an "instrument" gradually grew. In the beginning, interpersonal relationships became an instrument for obtaining opportunities and social resources. At the time, the demand among members of society for material comforts, job opportunities, and housing was growing rapidly, but there was a severe shortage of the corresponding opportunities and resources. In order to achieve their objectives, people relied upon interpersonal relationships. According to a nine-province study in 1983, the two problems viewed as the most serious among six choices were: "treating people to restaurant feasts, giving gifts, seeking personal connections" and "going through the back door to get jobs, enter the party, and be chosen as a cadre" (68.0 and 66.6 percent of informants, respectively, chose these responses). After the early and mid-1980's, interpersonal relationships became an instrument for developing the commodity economy and earning a profit. In order to develop production and earn profits, all commodity producers sought to open up "information interfaces," "commodity procurement interfaces," "marketing interfaces," and "administrative and regulatory interfaces." These "interfaces" were simply relationships between individuals. Interpersonal relationships then began to take on importance. In order to open up interfaces, people began to seek out and establish interpersonal relationships, and in order to maintain and develop interpersonal relationships, they had to pay a material price (winning and dining, or giving gifts, kickbacks, "favor fees," "cash envelopes," etc.). In this manner, interpersonal relationships became a commodity; they took on value for their utility and negotiability. In the mid-1980's, the turning of interpersonal relationships into commodities seeped into other areas of social life. Affection, money, and authority became the three big media of exchange. The three were mutually interchangeable, and the instrument value of interpersonal relationships became even clearer. People had to rely upon connections in order to get anything done, and at the same time they had to pay a material price.

In short, in the past 10 or more years, the ultimate value of interpersonal relationships has been declining while their instrument value has been rising, so the people's feelings of loneliness have grown stronger. This is in step with phenomena which have accompanied the process of industrialization in other countries.

3. Behavioral Patterns

From the 1950's up until the period immediately prior to the reforms, China's social system was basically set up like a grid; it was divided up into clearly defined cubby holes of varying sizes, and the benefits accruing to an individual depended not upon one's own initiative and

achievements, but upon one's staying scrupulously within the cubby hole. In a system like this, people's behavior was prudent, passive, and conservative. The system maintained stability but did not facilitate social development. After the late 1970's, social demand spurred social reform, which in turn blurred "cubby hole" boundaries and made them flexible. For the first time, members of society could rely upon their own initiative and achievements to further their interests. People's behavior then gradually became aggressive and flexible. This behavior was mainly demonstrated in the following ways:

1) A shift from dependency to self-reliance.

In the past, people relied on the state to get them jobs and resolve their problems. After the reforms, they began to rely more upon themselves to find employment and resolve problems. A nine-province study in 1988 indicated that 68.0 percent of informants wanted to "choose their own employment," and 75.3 percent wanted to "find their own marriage partner." In other words, the more intimate the connection between a given decision and one's personal life, the stronger was the individual's desire to maintain control over that decision.

2) A shift from passivity to displays of initiative.

In the past, people were accustomed to waiting for what they wanted, but since the reforms they have tended to take the initiative. Taking marriage as an example, people (especially young ladies) used to wait for others to introduce someone to them, but now more people take the initiative to find their own sweethearts, and they are actively posting advertisements in magazines, newspapers, and even over the air on radio to seek marriage partners. According to incomplete statistics, from the time when SHICHANG BAO published the first such advertisement of the 1980's on 8 January 1981, and when JIEFANGJUN BAO opened its "Matchmaking Column" on 13 May 1984, up through the end of 1989, over 150 publications of all sizes throughout China published ads seeking marriage partners. A significant percentage of the people posting these ads were female.

3) A shift from resignation to striving.

Pessimism and resignation were the traditional responses to adversity. The peasants in a certain poverty-stricken district would have rather suffered through a complete crop failure than migrate out. Since the reforms, though, people have tended more and more to expand outward and to seek actively to better their lot. A 1983 study asked about "the primary standards for good youth." Among 12 choices, "striving to achieve" was chosen with the second highest frequency. According to a study in Beijing Municipality, 52.4 percent (the highest percentage) of respondents felt that "individual effort" was the most important factor in "personal success." Also, 21.1 percent of the informants felt this was the second most important factor, and 11.6 percent felt it was the third most important factor, for a total of 85.1 percent.

4) A shift from toeing the line to creativity.

In the past, people used to rely upon the tried and true in handling affairs, generally using the methods of their ancestors when faced with new problems. Since the reforms, though, they have gradually begun using creative methods. They have been happy to accept new concepts and technologies, and they have been able to countenance other people "standing out from the crowd." According to a four-city study in 1986, people felt that among eight types of psychological strengths, the most important one was "having the courage to be creative" and "giving one's all." In Shenzhen and Shantou, where reform got underway relatively early on, people placed even more importance upon "having the courage to be creative" because merely giving one's all without being creative will not lead to success in commodity competition.

5) A shift from seeking stability to willingness to take risks.

In the past, people attached special importance to peace and stability. In handling affairs, they sought to eliminate risk completely, and would rather forgo furthering their interests than take any risk. Since the reforms (which were themselves a risk) this "stable-itis" has gradually grown less severe, and willingness to take risks has grown. A 1988 study carried out in four provinces and municipalities indicated that 54.8 percent of the youth group and 22.3 percent of the old age group agreed with the statement that they would "rather take risks in order to make big money and that having a stable career is not important." Those opposed to this statement accounted for 40.7 percent and 52.6 percent of these same groups respectively.

6) A shift from repression to self-expression.

In the past, even when people hoped to become rich or famous they would generally suppress their desire and allow it to wither. If they indiscreetly let slip their desire, they would make excuses to dissemble the fact. Since the reforms, this repression has lessened while self-expression has increased. According to the nine-province study of 1988, in response to the question "Do you hope to become famous?", 61.3 percent of informants responded either "hope strongly to do so" or "sort of hope to." The younger the informant, the stronger the tendency toward self-expression.

7) A shift from diffidence to self-confidence.

In the past, people often demonstrated a lack of self-confidence when dealing with problems. Even when they had confidence they would trot out a "humble" phrase or two: "I have little talent or learning, but...." Since the reforms, this tendency toward diffidence has lessened while self-confidence has gradually grown. According to a study carried out in Fuzhou, 90.7 percent of all factory heads and managers stated that they "can do their job well," 9.3 percent stated that they "are not sure," and 83.3 percent stated that they "are quite confident" about

their enterprise's prospects for development. According to a study carried out in Shanghai, 50.0 percent of the respondents felt that they were "as good as anybody else."

8) A shift from rigidity to flexibility.

In the past, people's ways of thinking were relatively closed and uniform, and the behavior that flowed therefrom was consequently rather stereotypical, rigid, and unvaried. Since the reforms, ways of thinking have become more lively, strategies for coping with the environment have become more flexible, and behavior patterns have become more diversified. According to a 1989 study carried out in 10 different provinces and regions, peasants were not so "tied to the land" as they had been in the past but were employing various means to make money. The percentage of people going out to do temporary labor, contract labor, engage in commerce, engage in transport, run a business, or work as a nanny has risen every year: 16.7 percent in 1983, 26.5 percent in 1984, 31.2 percent in 1985, 33.2 percent in 1986, 41.3 percent in 1987, and 42.3 percent in 1988. The higher one's level of culture, the more likely one is to take such action. According to 1987 study carried out in eight cities, only 2.2 percent of all informants said that they would "apply for government aid or emergency assistance" if faced with rising prices, while more people said they "make more money" (16.4 percent), "make a big effort to work and produce" (16.2 percent), "express one's concerns to the government," etc.

Acquiring a willingness to take initiative and act aggressively are important aspects of a person's modernization. These developments help people to have hope that they can further their interests, and they make society more vital. However, we must not overestimate the progress which has been made in this regard. Three main problems currently exist.

First, inner conflict within individuals has been heightened; conflicting tendencies exist side by side within a single person, i.e.—dependency and self-reliance, creativity and adherence to old ways. Efforts to strengthen willingness to take initiative and act aggressively meet with strong resistance from existing ways of thought. Every step forward implies a painful personal struggle.

Second, because some unnecessary "cubby holes" have not been dismantled, there is relatively strong momentum behind old behavior patterns. The shift toward initiative and aggressiveness is occurring relatively slowly, and not much has been accomplished. For example, according to a 1988 study conducted in 13 different provinces and municipalities, among 14 character traits, people regarded moral courage (a value redolent of tradition) as the most praiseworthy (with an average score of 4.05). It was followed by loyalty (3.92), compassion (3.87), levelheadedness (3.75), and diligence (3.10). "Seeking to improve one's lot" only ranked number six (2.91).

Third, due to powerful internal and external resistance, new behavior patterns often meet with frustration, and the results can be limited. After the shift toward initiative and aggressiveness accelerated for a time in the mid-1980's, the process reversed itself in the latter part of the decade. According to a nine-province study, the top three choices among 14 factors influencing selection of employment were "it must suit my abilities and interests," "high salary," and "enables me to achieve my ideals." "Stable employment" only ranked sixth (2.6 percent). In 1990, however, "stable employment" jumped to first place (13.6 percent). According to a study conducted in four prefectures and municipalities in Hunan, 60 percent of all individual entrepreneurs in 1987 stated that they "like the competition involved in their business," while 25 percent said they "do not like it." By 1990, the percentage who said they "like the competition" had declined to 25 percent, while the proportion saying they "do not like it" had risen to 45 percent. Their reasons: "I am tired," "I need a rest." "It is better to take life a little easier."

In summary, the values of the members of Chinese society have undergone relatively great changes in recent years, with retrogression occurring in the midst of progress. The process of modernization is fraught with conflict between the modern and the traditional, and the result is a complex tapestry mottled in an endless combination of colors. It is pushing societal progress, and it has caused many social problems. Nevertheless, as an historical trend, this change is taking us in the direction of modernization. It is facilitating the development of society.

NORTHEAST REGION

Profile of New Vice Governor Reported

*SK3110102791 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 30 Oct 91*

[Text] Following is the profile of Comrade Zhou Tienong, newly appointed vice governor of the province:

Mr. Zhou Tienong is of Han nationality and was born in Shenyang City in Liaoning Province in November 1938. He graduated from the mathematics-mechanics department of Beijing University in September 1960 and was employed as an assistant by the mechanics department

of the Harbin Engineering University in October of the same year. From October 1961 to September 1970, he worked as an assistant in the teaching and research sections of hydraulic machinery, mechanics, and mechanism at Dongbei Heavy Mechanism College. In February 1977 he worked as an instructor and associate professor at Dongbei Heavy Mechanism College and as deputy director of the college's mechanics research section. In September 1987 he was appointed vice mayor of Qiqihar City; in July 1991 he joined the provincial Kuomintang Revolutionary Committee. In March 1991 he was appointed as an assistant to the province's governor.

Normalization of Politics Urged*92CM0049A Taipei TZULI WANPAO in Chinese
30 Sep, 1 Oct 91*

[Article by Wu Feng-Shan (0702 0023 1472): "Thoughts on the Normalization of Politics in Taiwan"]

[30 Sep 91 p 2]

[Text] In Taiwan, political life, marked these days by conflict, is headed at breakneck speed toward an uncertain future. The past three weeks have been particularly tumultuous and worrisome. I herewith offer a few painful thoughts in fervent hope that men of good faith both in the government and out, especially people in the Kuomintang (KMT), will pay heed.

I.

For a long time, the real reason why Taiwanese politics have remained unsettled has been that the KMT people brought the worst aspects of traditional Chinese politics to Taiwan, an island without strong ideological tendencies. The KMT people are accustomed to speaking differently than they think and to acting differently than they speak. The slogans of the past decades have distorted everything.

When the KMT lifted martial law in 1988, it should have been a great opportunity to finish a long nightmare, but those in power were too mired in corruption and bound by inertia; they lagged far behind the historical tide. At that very time, however, after 40 years of hard work, Taiwanese people at home and abroad had developed into a potent force. Those in power viewed themselves as revered rulers safe behind walls of granite and steel; little did the high officials know that in the eyes of dissidents, their impregnable walls had become crumbling piles of clay!

History knows no pity. However, before any historical change occurs, it always offers the opportunity for man to move with its tide; it is only a question of whether those in power are willing to seize the moment.

II.

Take, for example, the black list and article 100 of the criminal code.

With regard to the black list, which has given the country's reputation a black eye, people in the KMT who are knowledgeable about international affairs sought long ago to change the situation. The Unity and Self-Reliance Association, 10 years ago, tried to take black-listed people one by one and get them exempted. At the time, each time a person was taken off the black list, the hostility of overseas Taiwanese to the KMT regime was reduced just a bit. If the plan had been carried through to completion, there would be no problem today; unfortunately, KMT policy wavered, lurching one step forward and two steps back, with the result that people began sneaking back into Taiwan in a steady stream. KMT

people know perfectly well that they cannot even keep out people sneaking over from China on fishing boats, so why should they believe themselves capable of preventing the return of overseas Taiwanese who approach the undertaking with a political fervor approaching religious devotion?

Even more outlandish, at a time when the Period of Suppression of Communist Rebellion was terminated, and Communist Party members could show themselves publicly on the streets of Taipei, why did it not occur to the KMT people that the continued existence of the blacklist would elicit a tremendous wave of resistance from Taiwanese people?

"Attempted subversion" is a vicious, trumped up charge used by autocratic, dictatorial nations to frame dissidents. At a time when even the legal system completely affirms freedom of speech, why can we not revise or abolish article 100 of the criminal code and open up a vast panorama of political freedom?

People who cherish the ideal of one China abhor Taiwanese independence, and those who seek Taiwanese independence snort derisively at the one-China ideal. The crux of the issue is this: everyone's desires should be given equal weight. The crux of the issue is this: when the door to peaceful political discussion is closed shut, what will be the upshot of violent protest?

A thought occurs to me: What if the government right now were to declare its willingness to repeal article 100 of the criminal code and extend sincere "invitations" for all blacklisted people to return to Taiwan (dividing the invitations into six groups and spacing them over six months), have the Domestic Policy Committee in the Legislative Yuan listen to their political viewpoints, and then arrange for them to travel throughout Taiwan to see what life is like here? What would be the outcome?

III.

Many domestic problems in Taiwan are not actually as complex as political controversy makes them seem. When this writer, 11 years ago, visited 10 countries in Central and South America, I saw the publicity that the government was distributing abroad. Most of it was printed with the word "Taiwan" in big letters, at most adding "Republic of China" in fine print below. Although it is true that Beijing's interference is one reason why the issue of what name our country should use abroad has become so complex, more important is the fact that strange people in the government are playing strange games.

There is something that people today find incomprehensible. President Lee, who is running the country, has said that we must be pragmatic when it comes to names. So who is throwing a wrench into the works?

There is another thing that people today find incomprehensible. Since even the government advocates the independence of Taiwan's sovereignty, then why can we not

use the accurate name—Taiwan—in places where we cannot refer to ourselves as the Republic of China?

There is something else people today find incomprehensible. Why is it that KMT people, who claim to always have the interests of the Taiwanese people at heart, can contentedly call themselves "China Taipei" or "Taiwan, Penghu, Chinmen, Matzu," yet they cannot come right out and accurately call themselves "Taiwan"?

During the years when a tiny, little Taiwan was in the United Nations, it took the Chinese Communists 22 years to get into the organization. Today, with a "People's Republic of China" in the United Nations, it will naturally not be easy for us to gain entrance. However, popular sentiment is on our side, so why do not KMT people ride the wave instead of talking down the issue and throwing cold water on people's hopes?

Just suppose the Ministry of Foreign Affairs set up a "United Nations department" and then actively sought to retain the services of those retired diplomats with UN experience who still have sharp minds. Suppose delegates from Taiwan and abroad were brought together in a committee to work for Taiwan's return to the United Nations, and they made preparations to engage in unflagging struggle for 30 years if necessary, without regard to whether the name "Republic of China" or "Taiwan" should be used. How would that work out?

IV.

An ignorant populace is a thing of the past. When one reflects on all that has happened in the past, it is still painful. In 1972, when it was clear that there was no stopping the Chinese Communists from joining the United Nations, Ch'en Lung-Chih [7115 7127 1807], a well known Taiwanese scholar of international law who was residing in the United States, relying completely on his own resources, persuaded the Saudi Arabian delegate to the United Nations to raise a proposal allowing us to remain in the United Nations as a regular member. Alas, in their stubbornness, the authorities snatched defeat from the jaws of victory.

There are thousands of able people like Ch'en Lung-Chih; it is only the blacklist which keeps them abroad. Why does not the KMT, for its own sake as well as that of the country, just yield a little bit and let the issue resolve itself? They could turn their opponents into allies, and kill three birds with one stone by benefitting others, benefitting themselves, and benefitting the country.

[1 Oct 91 p 2]

[Text] If Taiwan's politics are to be normalized, international issues would resolve themselves if those in power would just change one single concept. As for domestic issues, they too have only to do with one single concept adhered to by those in power.

V.

The sharpest controversy in domestic Taiwanese politics actually has nothing to do with the question of revising the constitution or formulating a new one. Although both sides have their own positions on the issue and stand in clear opposition to each other, one need only think back to last year's National Affairs Conference (when both sides refused to view the conference as the focus of their dispute), and one can see the outlines of a resolution.

So what is the focus of dispute?

Broadly speaking, now that the era of the strongman is over and the old delegates to the National Assembly will have to retire at the end of the year, it is inevitable that the people will no longer put up with not being allowed to elect the president.

If every country needs a head of state, and if the majority of the citizens of that country hope to see that head of state selected via direct elections, then what is wrong with popular elections?

It is a number of people within the KMT, in spite of the hopes of the people and in spite of the consensus reached in the National Affairs Conference, who use "theory" to claim that the people in this country can only elect the president of Taiwan. They adhere punctiliously to "form" in seeking to create an "electoral college system" that is neither fish nor fowl.

If the 20 million people of Taiwan do not elect the president of Taiwan, then who will they elect—the president of Japan or the United States? If Taiwan is also called the Republic of China, then is the president of Taiwan not also the president of the Republic of China? Did not Singapore, which has very friendly relations with Taiwan, refer to "President Lee, from Taiwan" when he arrived there? Did not President Lee say, "I am not satisfied with it, but I can accept it" when asked about the matter? When did we ever acknowledge Mao Tse-Tung as our president? Why should we care if the Chinese communists want to have a say in who we elect as president?

I humbly submit that the KMT Central Committee ought to invite KMT candidates in the year-end elections for the National Assembly to freely state their views, and they ought to invite 20 or 30 county and municipal legislative assemblies to vote just to see what the results would be. If the majority of these people do not feel that the president should be elected by the delegates to the National Assembly, then the system should be completely overhauled as soon as possible!

VI.

In reality, those in power have many ways of sounding out public opinion; it is not possible that they do not know what the people want. The reason why they cannot make up their minds, apart from the inertia of power, is

simply that they are bogged down in the conflicts of the old system and do not know how to extricate themselves.

If the president and provincial governor were popularly elected, it would indeed give rise to many ticklish situations. However, why cannot the provincial government be converted into a government in name only?

It would probably be extremely difficult to get the KMT to do away with the provincial government. To gut the provincial government would mean that while it continues to exist on paper, the several thousand public servants in the provincial government could be used to alleviate the serious shortage of personnel in the central, county, and municipal governments. Furthermore, this would greatly enhance administrative efficiency. What is holding those in power back?

VII.

I must state it more plainly: the "local self-rule" we have had is based on the concept of the one China. This is a gigantic error.

Taiwan is a tiny place. The entire western plain is today really one big city. Apart from the performance by lower levels of government of certain necessary local services connected with the everyday lives of citizens, I truly do not know where the "local" is in Taiwan and what need the province and counties have for autonomy.

Forty years ago, the mainland concept of local self-rule was forced upon the people of Taiwan against their will, for which reason it has to this day failed to take root. KMT people dare not challenge the political thought of Sun Yat-sen. They pay it lip service while ignoring its content. Disputes arise frequently between the central and local governments, and there is constant chaos. Who is to blame?

I propose the following approach to the problem: Since Taiwan is such a small place, population density is so high, and transportation is so developed, perhaps the authority of government at every level should be reapportioned; purely service-oriented tasks could be assigned to lower level governments, and jurisdiction over everything else could be assigned to the central government.

VIII.

Any change in Taiwan's domestic politics can be achieved if the majority approves of it. If KMT people fabricate a big issue out of something as simple as this, linking everything to the independence controversy and leaving no room for give and take, the KMT will only be tying its own hands.

The infinitely puzzling thing is that the KMT has always had plenty of talented people. Many of these people have been highly educated in Taiwan and abroad. Not only have they attained a first-class education prior to becoming officials, but they have entered officialdom

with high ideals. Why do they not have any impact in critical times like the present?

IX.

Every regime travels a similar path to its final fate. Some fail to sustain economic development, and the people, unable to eke out a living, rise up and overthrow them. Some rule over a developed society where morals decay to the point of "total immorality" when the dynasty collapses with a single push. Some grab for so much authority that "they can bring clouds and rain with a wave of the hand." They ignore the will of the people and isolate themselves to the point where they are like a boat, and the people are like the water which, in a great wave, capsizes them.

In Taiwan, the economy is not bad, but social morals are terrible. Politics are in extreme chaos. The government cannot afford to change, but it cannot afford not to change, either; it wants to change, but dares not. In the past year and one-half, the intellectual community has continually sounded alarms, but those in power have ignored them. Even people like Li Chen-Yuen [2621 6966 3293] are now throwing themselves into the struggle with total abandon, but there are 100 more just like him—and even 1000. Are the princes in power going to continue snoozing on the throne, or are they going to be jolted awake?

History is ruthless, and it is now bearing down on the halls of power in Taiwan.

KMT Poll on PRC-Taiwan, Intra-Party Relations Published

OW2810122491 Taipei CNA in English 0807 GMT
28 Oct 91

[Text] Taipei, Oct. 28 (CNA)—Forty seven percent of Taiwan residents polled said they would be horrified if Taiwan announces its independence tomorrow, while 26.9 percent would feel the same if Taiwan announces its unification with the mainland, according to a Kuomintang-sponsored [KMT] survey.

The ruling party asked a private polling company to survey 1,050 people randomly selected from the telephone books late last month and early this month; 847 gave complete answers to the pollsters.

Only 5.3 percent of those surveyed would be pleased to see Taiwan become independent immediately, as 22.1 percent would feel the same about Taiwan's immediate unification with the mainland.

The results show that half of the pollees prefer to maintain the status quo of neither unification nor independence, a clear indication that neither radical independence advocates nor radical unification advocates are welcome in Taiwan.

Only 10.6 percent of the valid samples said they would like to see Taiwan announce its independence as soon as possible, while 67 percent did not agree.

When asked if they agree to Taiwan's speedy unification with the mainland, 32.7 percent replied yes, while 43.7 percent said no.

Forty-four point six percent of the pollees felt positively about the pace of developments in relations across the Taiwan Straits. Seventeen point two percent said they were developing too quickly, and 19 percent said they were developing too slow.

As many as 53 percent of the respondents think it unlikely that Taiwan will be able to unify the country with Taiwan's economic might alone; 27.9 percent say this is possible.

A great majority—75.5 percent—are of the opinion that squabbling about unification or independence is meaningless, and that politicians should spend their time and energy discussing public policy. Eight point nine percent, however, hold the opposite view.

The majority view was supported by most scholars, who called on ruling and opposition party politicians to cool their debate on the unification-independence issue and to turn their attention instead to "significant" policy debate and legislation.

Professor Yang Kuo-shu of National Taiwan University said the KMT and the Democratic Progressive Party [DPP] should start talking again, especially between their legislative caucuses.

"People have been disgusted by the legislative yuan turmoil. The ruling and opposition parties should no longer disappoint the public but should immediately channel their energy to major bills," the professor said.

Professor Yang Tai-shun of National Chengchi University [NCU] said the ruling-opposition stand-off has not merely retarded the country's democratic development, but also hindered various economic construction projects.

The NCU professor urged the KMT and the DPP to realize that there is no quick answer to the unification-independence controversy. It is time they stopped their debate on the subject and engaged themselves in their "proper business," Yang added.

Official Says PRC Technology Cannot Meet Needs

*OW2310092691 Taipei CNA in English 0812 GMT
23 Oct 91*

[Text] Taipei, Oct. 23 (CNA)—Mainland Chinese-developed high technology cannot meet Taiwan's needs, an Industrial Development Bureau (IDB) official said Tuesday.

The official, who preferred anonymity, was commenting on reports that Communist China is willing to share with Taiwan its hard-won advanced technical know-how.

What Taiwan needs today is expertise that can be used to "mass-produce" industrial goods, the official said. Many mainland-developed high technologies are still in an experimental stage and cannot be commercialized, he noted.

The Ministry of Economic Affairs has selected 66 "strategic" technologies and products for intensified research and development here over the next 10 years, the official reported.

The move should reduce Taiwan's heavy reliance on Japanese technical know-how and to upgrade the island's industrial levels, the official said. "We must try to stand on our own feet, and no longer overly rely on other foreign countries," he stressed.

Considerations of national security, the official added, make the government very cautious in deciding whether or not to introduce any mainland-originated technologies.

Quoting confidential mainland documents, the board of foreign trade said recently that Peking has formulated a new plan to forge closer "two-way" cross-straits economic ties. Under the plan, the board said, Peking will try to use its capital to make inroads into Taiwan markets.

The Communist Chinese have also announced their willingness to transfer 23 technologies that Taiwan hopes to obtain from Japan to facilitate the completion of its current 8.2 trillion nt [new Taiwan] dollar Six-Year National Development Plan, the BOFT [Board of Foreign Trade] report said. Peking [Beijing] boasts that some of mainland-developed technologies surpass those of Japan.

Mainland authorities predicted that by the end of next year, Taiwan capital flowing to the mainland in investments, travel expenses and cash gifts to mainland relatives will reach 10 billion US dlrs, the report said.

According to government statistics, cross-straits trade transshipped via Hong Kong topped 2.54 billion US dlrs in the first half of this year, up 39 percent from the year before.

Most worrisome is the fact that 15 of the top 20 best-selling items to the mainland are not on the list of products that the government currently permits to be sold across the Taiwan straits, an Economics Ministry official said.

Cross-straits trade accounted for 3.79 percent of Taiwan's total foreign trade for the January-June period; but mainland-bound shipments took a 5.6 percent share of total Taiwan exports for the period. The shares of mainland-bound shipments of man-made fibers,

machinery and electronics had even passed an alarming 10 percent level, the official cautioned.

Two-way trade between Taiwan and the mainland totaled 4.1 billion US dlr in 1990 and is expected to reach 5 billion US dlr by year's end.

No Trade Impact Recorded From DPP Independence Call

*OW2310092791 Taipei CNA in English 0826 GMT
23 Oct 91*

[Text] Taipei, Oct. 23 (CNA)—Taiwan exports totaled 4.53 billion US dlr [dollars] in the first nineteen days of October, growing at an annual rate of 11.3 percent, while imports grew 17.9 percent to 3.58 billion US dlr, the Council for Economic Planning and Development (CEPD) reported today.

The trade surplus was 950 million US dlr, a 8.1 percent drop from the same period of 1990, CEPD said.

So far, CEPD said, the main opposition Democratic Progressive Party's [DPP] call for Taiwan independence through a plebiscite has not had an adverse impact on the nation's foreign trade.

The nation's highest economic planning body said, however, domestic political disturbance may influence long-term economic developments.

Exports totaled 60.9 billion US dlr from 1 January to 19 October for an annual growth rate of 13.8 percent; imports grew 16.5 percent to 50.3 billion US dlr. The trade surplus was 10.6 billion US dlr.

In protest against the DPP's inclusion of the Taiwan independence referendum clause in its party platform, the ROC [Republic of China] Securities Investors Association will conduct a signature campaign today at various securities brokerages on the island. It hopes 100,000 investors will sign its petition.

Yuan Hsi-kwang, head of the association, said that the Taiwan stock exchange's weighted stock index has lost more than 735 points since the DPP adopted a resolution on 13 October incorporating the advocacy of Taiwan independence into its platform.

Stock investors have lost an estimated 460 billion NT dlr [new Taiwan dollars] in face value over the past few days, Yuan said.

Yuan also hopes the government will take measures to stabilize capital markets in order to prevent noneconomic factors from taking a heavy toll on the markets.

Bank Governor Says Interest Rates Under Study

*OW1611094491 Taipei CNA in English 0807 GMT
16 Nov 91*

[Text] Taipei, Nov. 16 (CNA)—The Central Bank of China [CBC] is carefully considering interest rates and

will adopt timely measures to maximize national benefits, CBC Governor Samuel Shieh said Friday.

Testifying before a Legislative Yuan plenary session, Shieh said that under the government's financial liberalization and internationalization policy, Taiwan has evolved into a "medium-sized open economy."

The country can therefore not afford to ignore the latest world trends in formulating its financial policies, the outspoken banker said.

The central bank is weighing the possible impact on the Taiwan economy of the latest interest rate cuts in the United States and Japan, two of the island's most important trade partners, Shieh reported.

He stressed that the central bank will decide whether or not to follow in U.S. and Japanese footsteps to lower domestic interest rates after it has made a comprehensive review of the local economy.

In the process, Shieh said, the bank will consult with the leaders of different sectors of society, but will make its own final decision.

"In arriving at our final judgment," Shieh said, "we cannot be influenced by any individuals, academics, experts, interest groups or parties."

"Central banks in all countries around the world are nonpartisan and formulate their monetary policies on their own," he explained.

Shieh said he is willing to debate with his opponents on the interest rate issue and will assume full responsibility for any of his decisions.

On the value of the new Taiwan [NT] dollar, the country's top banker said market mechanisms will determine the exchange rate between the local currency and the U.S. greenback.

As long as parity does not fluctuate too drastically, Shieh said, the central bank will not intervene in foreign exchange market operations.

The NT dollar, having broken the psychologically important barrier of 26 NT dlr [dollar]:one U.S. dlr, rose to a two-year high in recent days. Opposition legislator Yu Cheng-hsien asked Shieh during a question-and-answer legislative session what the "bottom line" was for parity rate fluctuations.

Shieh replied that he is not so stupid as to announce the so-called exchange rate "bottom line" in a parliamentary session. "No central bank governor in the world would do so, either," he stressed.

Amid high social expectations, Shieh met with several senior bankers and other high-ranking CBC officials Friday to discuss whether to further lower interest rates, financial sources said.

The bankers and CBC officials reportedly agreed to further lower domestic interest rates in order to stem the further rise in the NT dollar's value.

Satellite Communications Device Developed

*OW3010083491 Taipei CNA in English 0813 GMT
30 Oct 91*

[Text] Taipei, Oct. 30 (CNA)—A small-sized portable satellite communications device called the "Date Lite"

invented by a local high-tech company made its debut Tuesday.

Microelectronics Technology Corp., inventor of the new product, reported that the "Date Lite," weighing 14 pounds, can be used all around the world, the user only needs to connect the device to an electricity source and a personal computer, then it can receive and send informations from and to any place, the company stressed.

The price of the high-tech Date Lite communications device is less than 10,000 US dollars.

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